

## **complaint**

Ms M complains that Bank of Scotland plc trading as Halifax ("Halifax") misled her about the process for registration of default on her credit card account and dealt unfairly with her when she tried to reach a repayment arrangement to avoid default.

## **background**

Ms M had a credit card account with Halifax. Following redundancy, she realised that she would not be able to make the contractual repayments on the account and contacted Halifax to discuss the situation.

Ms M recalls being told by Halifax that, although it was not able to agree a repayment arrangement with her at that point, the account would only be registered as in default if no payment had been made after five months.

Some three months later, Ms M received notice from Halifax that default would be registered. She telephoned Halifax to say that she had now secured future employment and would be able to make some payment from the following month – but says Halifax would not agree to a repayment arrangement at that point.

Shortly after the default registration took effect, Ms M was able to make a repayment arrangement with Halifax. She does not see why this could not have been agreed at an earlier point, avoiding the default registration.

An adjudicator investigated the complaint. He considered that the evidence did not support Ms M's recollection of initially being told that default would not happen for five months.

Given Ms M's financial circumstances at the points when she unsuccessfully attempted to agree repayment arrangements, the adjudicator did not consider that Halifax had been unreasonable in not agreeing to enter into a repayment arrangement.

So, whilst the adjudicator could understand Ms M's frustration that Halifax would not exercise flexibility to avoid the default registration and accepted that Halifax could have done some things better, he did not consider that the complaint should be upheld.

Ms M did not agree with the adjudicator's conclusions. She wrote with further points, which I summarise:

- The letter temporarily accepting her zero offer does not mention timescales for the default – so she could not have known that what she had been told was wrong.
- The notice of default says that default can only be avoided if the arrears are paid in full, and that is what Halifax told her on the phone. But her own research suggests that a repayment of any amount could have been enough to stave off the default.
- From what she had been told, she honestly believed that she had a breathing space of five months before default. When she received the notice of default before then, she contacted Halifax straight away to try to sort things out but was obstructed by the bank.

- She finds it difficult to believe that Halifax does not keep indefinite records of all telephone calls made to its call centre. Current technology would enable this and her employer does it.

### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I appreciate that Ms M believes that recordings of her telephone conversations with Halifax would support her case. However, Halifax is not obliged to keep recordings of all conversations and there are no recordings or transcripts of those conversations. However, we do have Halifax's written notes of those conversations made at the time the calls took place.

Those notes do not suggest that Ms M was told that default notice would not be given for five months. Given that a waiting period of this length would not be in keeping with Halifax's ordinary process, it is difficult to see why Ms M would have been told that she had five months but then a written record made which makes no mention of that. I think it more likely that Ms M misunderstood what she was told about the likely timescales.

Because she had lost her income through redundancy, Ms M was not initially in a position to make a workable offer of repayment. Her reduced income was less than her essential outgoings, and so she simply had no spare money to commit to a viable regular repayment arrangement. I do not feel that I can, fairly, say that Halifax should have set up a repayment arrangement regardless – even if that would have temporarily avoided the default.

After the account had been placed in default, it was transferred to Halifax's recoveries section and Ms M was able to agree a repayment arrangement for the debt. I can understand her frustration that Halifax did not do that *before* the default was registered and then agreed not to go ahead with the default. But, in all the circumstances, I am not persuaded that this was maladministration or unfairness by Halifax.

### **my final decision**

In view of my findings, my decision must be that I do not uphold this complaint.

Jane Hingston  
**ombudsman**