

complaint

Mrs B complains that Bank of Scotland plc (trading as Halifax) unfairly defaulted her loan account and applied a default to her credit file.

background

Mrs B was paying less than her contractual loan repayments under a repayment plan agreed with Halifax. Halifax sent her a default notice requiring her to make up the arrears. When she did not, it defaulted her loan account and recorded adverse information on her credit file.

Halifax accepts that the information it gave Mrs B on the telephone could have been clearer and, as a result, it has paid her £100 for any distress and inconvenience caused by this.

The adjudicator did not recommend that the complaint should be upheld. He concluded that Halifax had not acted unfairly because the repayment plan was a temporary arrangement and Halifax had accepted reduced payments for more than six months. He was satisfied that, having reviewed Mrs B's financial position and concluded that she was not able to bring her payments back up to the contractual amount, the action Halifax took was not inappropriate. He concluded that Mrs B had been adequately compensated for any misleading information she was given.

Mrs B disagreed with the adjudicator's recommendation, and said, in summary, that she had been treated unfairly because, if Halifax had not given her incorrect information, she would have repaid the arrears.

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 consider that Halifax responded positively and fairly to Mrs B's financial position as it was required to under the Lending Code. It accepted reduced payments for a period and reassessed her financial position, concluding that she was no longer able to meet her contractual payments. As Mrs B's financial difficulties had not improved, and therefore her financial difficulties were not temporary, I do not consider that Halifax acted unfairly by defaulting the account. This led to charges and interest on the loan being suspended.

Mrs B said she was told by Halifax to ignore its letters. Halifax said that, where a customer's financial circumstances had not improved, a customer may be told to ignore its correspondence. It has paid Mrs B £100 as it accepts that it could have explained things more clearly.

I have considered carefully whether, more probably than not, Mrs B would have cleared the arrears had Halifax explained the position more clearly. Where evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Looking at the wider circumstances Mrs B had other accounts which were also in arrears, and Halifax had recently concluded, when it reviewed her financial circumstances, that she

was unable to meet the full amount of her loan repayment. I consider it unlikely that she would have been able to clear the arrears in full to avoid the account being defaulted. I therefore consider that the compensation already paid to Mrs B is fair and reasonable in the circumstances.

As the information that Halifax recorded on Mrs B's credit file was a fair reflection of how the account was run, I cannot reasonably require it to remove it.

my final decision

My decision is that I do not uphold this complaint.

Kim Parsons
ombudsman