

complaint

Mr R complains that Bank of Scotland plc (trading as Halifax) has mishandled his account. In particular, he complains that Halifax passed his account to recoveries and defaulted it while he was keeping to an agreed payment plan. The bank also kept sending him letters which, at the relevant time, incorrectly said that he had exceeded the agreed overdraft.

background

Halifax agreed a series of payment plans, one after the other, to assist Mr R when he was in financial difficulties and unable to pay off his overdraft. Halifax passed the debt to recovery agents while the last plan was still in place and Mr R was keeping to its terms. Mr R subsequently did default. The bank also kept sending Mr R letters telling him that he had exceeded his agreed overdraft when, as it agreed, this was not the case. Halifax failed to stop these letters even though it said that it would.

The adjudicator concluded that Halifax was entitled to default Mr R's account and register this in his credit file as he was not keeping to the original terms of the account. However, she felt that it was poor customer service to do so when it did - that is before the last payment plan came to an end. She also concluded that Mr R had suffered distress and inconvenience in trying to stop the inaccurate letters. She recommended that Halifax pay Mr R £80 compensation for distress and inconvenience arising from the bank's poor service. The bank responded by saying that it had intended to keep to the last payment plan but that, due to the status of the account, an enforcement notice had been sent out early. It anticipated that the account would in fact default. Although the bank did not feel that it had made an error, it agreed to pay the suggested compensation for the inconvenience caused.

Mr R did not accept the adjudicator's recommendation. In particular, he was concerned about the adverse entries on his credit file.

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 am satisfied that overall Halifax responded positively and sympathetically when Mr R was in financial difficulties, by agreeing fee free payment plans with him. Even though it had told him that only one such plan would be agreed, the bank still agreed to further plans and wrote off other fees. I am also satisfied that the bank was entitled to record the adverse entries with credit reference agencies, as these reflected the true status of Mr R's account. In particular, I note that the letter from Halifax, setting out the terms agreed for the first payment plan, specifically said that this information would be registered.

I do find, however, that Halifax, even though it was strictly entitled to do so, did not act fairly by starting to enforce the debt while Mr R was keeping to the agreed plan. I also find that it made serious administrative errors in continuing to send out the inaccurate letters and in failing to remedy this for a considerable time. I am satisfied that these actions caused Mr R distress and inconvenience. In the light of the modest level of awards which this service usually makes, I find that £150 compensation is appropriate in these circumstances.

Finally, I agree with the adjudicator that the account would have defaulted at the end of the plan in any event. Accordingly, I find that there are no grounds to require the bank to remove the registration of the default from Mr R's credit file.

my final decision

My decision is that I uphold this complaint in part. I order Bank of Scotland plc (trading as Halifax) to pay Mr £150 in full and final settlement of this complaint.

Ros Barnett
ombudsman