

complaint

Mr B complains that Bank of Scotland plc trading as Halifax increased the limit on his credit card without his consent and without telling him. This caused him to get in to financial difficulty and the bank then pressured him for repayment. He has also been misinformed about how to change his address. He wants the debt written off and compensation.

background

Mr B opened a credit card account with Halifax in 2000. In the following years the account operated normally and the limit on the account steadily increased. Some of the increases were requested by Mr B and some offered by the bank. The last activity on the account was in March 2007 and the last payment to the account in July 2007. Interest and fees continued to be charged until December 2007 and the account was put into default in January 2008. The debt was passed to a collections agency and a repayment programme is now in place. In 2012 Mr B called the bank to tell them of a change of address. He was told that he needed to go to a branch to do this. As the account was with collections he actually needed to do this with them on the phone. The bank has apologised for giving the wrong information and has paid compensation of £30 and £20 to cover cost of phone calls.

The adjudicator did not recommend that the complaint should be upheld. He concluded in summary that as Mr B had used the card and incurred the debt he was required to repay it. He was satisfied that the bank had not made an error in increasing the limit on Mr B's account or in the management of the account. He considered that the £50 paid to Mr B for the error on the change of address was fair. Mr B said that as he did not ask for the limit to be increased Halifax should have written to advise him of its decision.

my findings

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

There is no question that Mr B used his card and that he had the benefit of the debts incurred. He considers that by increasing the limit the bank allowed him to overstretch himself financially and that it should help him by reducing the debt outstanding. I consider that the main responsibility for controlling spending on the card and monitoring the level of debt must be with the consumer. The credit card agreement allowed the bank to change the credit limit at any time. The agreement does require the bank to let the consumer know of any changes. The bank records show that when the limit was increased a letter to Mr B was automatically generated. Given the time that has passed copies of those letters are not available and I accept that Mr B may not have received them. But on balance I think it more likely than not that the bank did write to Mr B to tell him of the increases in the limit. I conclude that the bank did not make an error in the increases it made to Mr B's limit. I find that I cannot fairly require it to write off any of the debt outstanding.

I cannot find any evidence that the bank or its collection agents acted unfairly or unsympathetically in seeking repayment arrangements for the outstanding debt. They put the debt into default so that fees and interest would not increase the debt and they are entitled to seek a repayment plan – which has now been agreed. I do not consider that the bank has taken any action in the collection of the debt for which compensation would be appropriate.

The bank has acknowledged its mistake concerning the change of address and I consider that the total payment of £50 is fair and reasonable. I conclude that the bank does not need to take any further action.

my final decision

My final decision is that I do not uphold this complaint.

John Thornton
ombudsman