

complaint

Mr L complains that Bank of Scotland Plc trading as Halifax ("Halifax") unfairly and unreasonably passed on a debt he owed to debt collectors. He wants an explanation.

background

Mr L had a mortgage with Halifax, which wasn't paid in full when the property was repossessed and sold – this meant Mr L owed the shortfall to Halifax (he owed the debt jointly and severally with another person). Mr L said he'd agreed with Halifax to repay the debt by paying £20 a month until the debt was paid in full, and provided he kept making the payments, debt collectors wouldn't be involved.

Mr L said from 2014 a firm of solicitors took over dealing with the debt, but Halifax agreed to stop reviewing Mr L's account as he was still paying the agreed monthly sum. In 2018, Mr L said a firm of debt collectors contacted him and told Mr L to pay the monthly payments to it, not Halifax. Mr L was unhappy that debt collectors were now involved when he'd paid each month as agreed and Halifax hadn't contacted him direct about the change (though a letter on Halifax's headed paper telling him about the change had been received). He felt harassed, particularly given his poor health, and that Halifax had broken the agreement.

Mr L complained to Halifax, and said it didn't respond to his queries quickly enough. Halifax said it had written to Mr L's wife acknowledging the complaint and paid £125 compensation for this error and the delay in dealing with Mr L's complaint. It said it was a business decision to change who dealt with Mr L's debt. Halifax denied breaking the agreement with Mr L – it pointed out that it agreed to stop "recovery action", but didn't agree it couldn't use agents at its own cost.

Mr L complained to us. The adjudicator's view was that Halifax was entitled to use agents to deal with debts owed to it, even when those debts were being repaid as agreed. She didn't think Halifax had broken the agreement and noted Mr L accepted the compensation of £125 for the errors made handling his complaint. The adjudicator thought this was fair and reasonable.

Mr L disagreed. He said Halifax's decision to use an agent didn't make sense as he was paying each month as agreed. Mr L said he felt harassed.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm going to focus on the core of this complaint, which is Halifax's decision to use an agent to deal with Mr L's debt.

First, the agent isn't proposing to take recovery action as Mr L is repaying the debt as agreed. So the agreement between Halifax and Mr L hasn't been broken. And lenders are able to decide to use agents to deal with people who owe money, rather than use its own staff. I appreciate Mr L doesn't agree with Halifax's decision, but I can't say it's unfair or unreasonable. Halifax is entitled to use its own commercial judgement, provided consumers are treated fairly. There's no evidence that Mr L hasn't been treated fairly; all shortfall customers have been handed over to the agent to deal with. Halifax did write to Mr L on its notepaper about the change, which is fair and reasonable.

I note Halifax did respond to Mr L's complaint, though Mr L wanted a faster response. I agree Halifax shouldn't have written to Mr L's wife as she isn't involved in this matter, but think £125 compensation is fair and reasonable, particularly as Mr L is more upset about Halifax's decision to use an agent (for which I haven't found it to be at fault).

my final decision

My final decision is that I don't uphold the complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 October 2018.

Claire Sharp
ombudsman