

complaint

Ms S has an account with Bank of Scotland plc, trading as Halifax. She complains the bank has:

- cancelled a payment arrangement without notice,
- applied charges to her account after it had agreed the account should be closed,
- failed to update her address, and
- failed to respond to correspondence and to provide regular monthly statements.

background

Ms S told the bank she was in financial difficulties. She also told it she had changed address and asked it to update her details.

To resolve her financial difficulties, Ms S entered into an arrangement with a debt charity to pay £22.30 every month towards her overdraft until it was cleared. The bank agreed to close her account so it didn't incur extra charges.

Because of an administrative error the bank didn't close the account and it continued to incur charges. Because Ms S hadn't filled in the correct form, the bank didn't change her address details either. It continued to send correspondence and statements to her old address.

The account was closed in April 2013, and later sold to a debt collection agent. The bank told the debt collector there was no repayment plan in place and there was no current address on record.

After Ms S complained, the bank accepted it had applied charges to the account after it should have closed it and it refunded a total of £660 in charges to Ms S. It also offered to pay her £50 compensation.

my provisional decision

I issued a provisional decision on this complaint. I:

- Upheld the complaint about the administrative errors.
- Decided the bank could've acted more supportively in response to Ms S's financial difficulties. But I found it was likely Ms S's account would've been passed to debt collectors anyway.
- Didn't think the bank's offer adequately reflected the distress and inconvenience it caused.
- Decided a payment of £250 was fair and reasonable in the circumstances.

Ms S has accepted my decision. She agreed with the findings and thought the decision was fair. But she also said the debt collectors have been in contact with her. She says the bank has told them we're not involved. She thinks that has made things difficult between them. She says this is another example of the bank's poor communication.

The bank hasn't responded.

my findings

I have reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have reached the same conclusions as I reached in my provisional decision.

Although I think the account would've been passed to debt collectors anyway, I still think the bank could've acted more supportively. I can understand why Ms S was unhappy the debt collectors were told there was no repayment plan in place and there was no address for her on file, particularly as she had acted responsibly and wasn't trying to avoid the debt.

The bank didn't help matters by not explaining what Ms S should do to update her records. I can see this caused further problems.

I've received no information to suggest I should change my provisional decision.

I can see the debt collection agency has been in contact with Ms S since we became involved. It has asked Ms S for evidence she made a complaint to us. Ms S has correspondence from us and she can provide this to them. This should tell the agency we've been involved.

my final decision

My final decision is I uphold this complaint. Bank of Scotland plc, trading as Halifax, should pay Ms S £250. This should be paid to Ms S directly, not credited to the debt.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms S to accept or reject my decision before 9 October 2015.

Elena Feeney
ombudsman