

complaint

Mrs S complained about a default on her credit file, which was put there by Bank of Scotland plc, trading as Halifax. She complained that the balance wasn't correct; that Halifax hadn't sent her statements; and that one payment she'd made in 2014 had been returned.

background

Halifax issued a default on Mrs S's account in 2012. Her account had defaulted owing a balance of £10,425, which showed on Mrs S's credit file as "*Original Default Balance.*"

When it issued the default, Halifax sent Mrs S's debt to a third party organisation. But it took the debt back in 2014 and agreed with Mrs S that she'd pay £100 a month until the debt was cleared.

In 2016, Mrs S complained to Halifax, because she'd been turned down for a mortgage because of the default on her credit file. She said the figure didn't reflect the fact she'd been making payments.

Halifax explained that the original default balance figure would always stay on her account and it was accurate. The bank went on to explain the history of the account. When the debt had been passed to another organisation, the current balance had been changed to zero. This was because Mrs S now owed her debt to the other organisation, not to Halifax. It hadn't changed this figure when it had taken the debt back. But this was to Mrs S's advantage. If Halifax had changed the current balance owing figure, from zero to the actual figure, this would have looked worse on Mrs S's record. And because records stay on a credit file for six years, the original default would disappear in September 2018. This wouldn't be the case if the bank reported what Mrs S currently owed, in 2016 – it'd take another six years to expire.

Mrs S wasn't satisfied and complained to this service. She said the balance on her credit file wasn't accurate, and she was also unhappy that she hadn't received statements from Halifax.

The adjudicator said it was reasonable that Halifax had stopped Mrs S sending statements when her account defaulted in 2012, because on default the whole balance becomes payable. And Halifax had told Mrs S what her remaining balance was when she'd asked for it, and had paid her £30 compensation and £15 call costs. The adjudicator considered this was fair.

Mrs S also queried a payment she'd made to her debt in July 2014, which had been returned by Halifax. As it had been over two years earlier, Halifax didn't have details. The adjudicator said he couldn't say definitively what had happened, but as the statement showed the payment was a manual faster payment, it was possible Mrs S hadn't entered the payee details correctly. And in relation to the default figure on Mrs S's credit file, the adjudicator pointed out that this was better for her than if Halifax had reported there was still a current debt. So the adjudicator didn't uphold Mrs S's complaint.

Mrs S wasn't satisfied. She said she still wanted to know why a payment was returned in July 2014.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Account balance on the credit file

The balance of £10,425 was the accurate figure at which Halifax defaulted Mrs S's account. So I find that this is the correct figure to show on Mrs S's credit record as the original default figure. As for the current balance figure, as I've explained above, it's better for Mrs S that this shows zero, than if Halifax had recorded the current figure which I understand is about £800. I consider Mrs S is fortunate that Halifax hasn't recorded her current debt accurately.

No statements

At default in 2012, the whole balance became payable. So I find that it was reasonable for Halifax to stop sending Mrs S statements at that point. Halifax did provide Mrs S with the information about her current balance when she asked for it in spring 2016. So I don't find the bank did anything wrong.

Returned transaction in 2014

Mrs S didn't pay her agreed £100 in June or July 2014. She said there's a debit from her current account on 29 June, and this was returned to her bank on 1 July. I find it's reasonable that Halifax no longer has records of the reason for this. I agree with the adjudicator that, as it's a manual payment and not an automated one, it's more likely than not that Mrs S didn't enter the right details when she authorised the payment. If this happened, the bank's systems wouldn't have been able to find the correct account to credit, and would have bounced the payment back to Mrs S. Mrs S could have queried this at the time, when the credit was returned to her bank, and I'd expect her to have done so when she knew she was on an agreement to pay £100 monthly. Halifax's statement reflects the accurate position, that Mrs S's account wasn't credited with £100 in July 2014. So I find the bank didn't do anything wrong.

my final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 30 January 2017.

Belinda Knight
ombudsman