

complaint

Mr G complains that Bank of Scotland plc (trading as “Halifax”) has not treated him fairly in that it will not allow him to choose the debt towards which his overpayments should be credited. He says this has caused him a loss of £998 including distress and inconvenience. He would like the bank to compensate him for this loss and to allocate his payments towards the debt of his choosing.

background

Mr G considers that Halifax’s payments allocation policy is unfair, in that it will put payments towards the oldest debt on a credit card when all debts are at 0% interest. Mr G would prefer for his payments to be allocated to the debt which will expire first and considers this is something which he should be able to direct the bank to do. He says the bank’s refusal to do this has caused him losses of £998 which he would like the bank to compensate him for. Halifax has paid Mr G £272 in compensation, but he does not consider this is enough to cover the financial loss, distress and inconvenience he has incurred.

Our adjudicator did not recommend that the complaint should be upheld. She considered that Halifax had acted in line with its payment allocations policy, and that as this Service is not a regulator, she wasn’t able to ask Halifax to change its policy.

Mr G does not agree, saying that he does not believe Halifax has acted in a fair manner, though he would be prepared to forego compensation if Halifax allows him to choose where payments are allocated.

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 appreciate that Mr G is unhappy that Halifax will not let him choose where his payments will go. This would allow him to put his payments towards the debt which is due to start incurring interest before the others, thereby reducing his interest costs on his debts. But Halifax doesn’t allow its customers to do this, and I can’t ask it to change its position.

Halifax has been able to show that it allocated payments in line with its policy, and as this Service is not a regulator, I’m not able to require Halifax to change this policy. Halifax has acknowledged that its terms and conditions were not as clear as they could be and has paid Mr G £272 compensation for this and other costs he incurred. As indicated by our adjudicator, this is more than this Service would usually award in similar cases, so I’m not going to ask Halifax to increase its compensation to him as I consider it to be fair and reasonable in the circumstances.

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 Mr G to accept or reject my decision before 25 July 2016.

Catherine Wolthuizen

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