

complaint

Mr B complains Bank of Scotland plc trading as Halifax ("Halifax") gave him an unaffordable overdraft limit.

background

Between 30 November 2015 and 11 January 2016 Mr B made a number of online applications to increase the overdraft on his Halifax account to a limit of £4530. In early 2017 Mr B complained to Halifax about the level of the overdraft they'd granted to him. He thought they'd acted irresponsibly as he had a gambling problem. Mr B asked Halifax to refund the interest so the balance was lowered and to stop charging him for the facility to allow him time to repay it. He also asked Halifax to remove the late payment markers from his credit file.

Halifax didn't uphold the complaint. They said as Mr B's applications passed their credit assessments they couldn't agree they were wrong to lend to him. Halifax said they took into consideration how Mr B managed his accounts with them as well as information from credit reference agencies. They told Mr B all lending had to meet their internal criteria before being approved, along with external checks such as credit scoring. As Mr B met both of these, the applications were approved. So, they didn't think they'd done anything wrong. But, as a gesture of goodwill they refunded 12 months of charges rounded up to £530. And they suggested Mr B contact them to agree a payment plan.

Mr B was unhappy so complained to us. Our adjudicator found Halifax acted responsibly when lending to Mr B and tried to assist him with his financial difficulties. And she thought the charges on his account were applied in line with the terms and conditions so she was unable to ask Halifax to refund any further charges. She said whilst our service couldn't compel Halifax to accept any particular level of repayment as part of a formal repayment agreement – she'd expect Halifax to respond positively and sympathetically to Mr B's request for a payment plan.

Mr B disagreed. He said the activity on his account from 2014 showed he was gambling and experiencing financial difficulties. He also thought Halifax were wrong to refuse some of his online applications only to later approve other applications for higher amounts. And he felt the only help which Halifax offered him was to default the account.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mr B had asked to speak with me before I reached my final decision, but I didn't think this was necessary. I fully understand the things he's unhappy with and there's enough information for me to fairly reach a final decision. And, having considered everything, I've decided I'm not going to uphold this complaint.

The adjudicator has given a full summary of the background to this complaint in the letters of 14 and 21 July 2017 giving her opinion. There's not a great deal I can add to what the adjudicator's already told Mr B.

Mr B thinks Halifax was inconsistent when on the same day it declined some online applications, but later approved ones for a higher amount. It concerns him that, in one day, his overdraft limit went up by almost £2000 with these multiple applications. Halifax told us customers are free to make as many applications for credit as they choose and they assess

each one on its merits. And I think that approach is demonstrated by the fact Halifax declined, as well as approved, these applications. A prior refusal will not necessarily mean all future applications will be refused. It's for the bank to decide what affordability criteria to apply and what risk it was willing to take when it lent money. This account's been managed within its limits and has had regular credits of Mr B's wages and from other sources. Halifax has provided evidence that all the overdraft applications were made online, and that Mr B met their lending and affordability criteria. On the basis of this, and other information, Mr B qualified for the amounts he had applied for. So, I can't say Halifax were wrong to approve the applications they granted.

Mr B thinks some of his transactions - online gambling and payments to debt collection agencies - should've indicated to Halifax he had a gambling problem and other debts. So, he says they shouldn't have lent him them money. But Halifax told us that a transactional review doesn't take place as part of the online application process. They said they don't micromanage customers' accounts, gambling transactions are classed as entertainment and customers are free to manage their money as they wish. So, Halifax wouldn't have been aware, from the transactions alone, of the gambling. And Mr B didn't tell the bank about his gambling problem until 2016 – the earliest reference which I can find is 29 February 2016 when he complained about charges on the account. So, whilst I don't underestimate the difficulties Mr B may've had, I don't think it's reasonable to expect Halifax to be aware of these other debts, or to know he had a gambling problem, when he applied for the credit before 29 February 2016.

I'm aware Mr B feels strongly about Halifax's conduct. But I hope I've explained why I'm not persuaded this is a complaint I can fairly and reasonably uphold. Mr B chose to spend the money he borrowed and has had the benefit of it. Overall I'm not satisfied that Halifax acted irresponsibly when it approved the increase his overdraft limit or the loans. I consider the goodwill refund of some charges to be a reasonable response. And, as the information Halifax has reported is accurate, I don't require them to take any action in respect of Mr B's credit file.

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 B to accept or reject my decision before 11 October 2017.

Annabel O'Sullivan
ombudsman