

complaint

Miss K complains that Bank of Scotland plc (trading as Halifax) defaulted her loan account after it made mistakes with her direct debit payments.

background

Miss K had a Halifax loan with a monthly payment of £242. In December 2017 Miss K agreed a payment plan with Halifax to pay £100 a month for three months because she was experiencing some financial difficulties.

There were problems setting up the direct debit payment and Halifax took £242 from Miss K in January 2018. The payment was returned to Miss K around a week later when she called from abroad. Miss K complained and explained that calling from abroad was expensive. Halifax paid her £80 to cover call costs and said a new direct debit needed to be set up.

During the call Miss K asked how to arrange a new direct debit and the call handler said she could do that online and was asked to call back if she had any issues. But that wasn't right as to set up a new direct debit Halifax had to send Miss K a new form to fill out, she couldn't set one up online.

No further payments were made to the loan and Halifax took action to default the loan, sending a default notice to Miss H in March 2018.

On 7 June 2018 Miss K called Halifax and asked about her account. Miss K said she wasn't working and didn't have the money to make payments to the loan or agree a payment plan. Halifax agreed to put a 30 day hold on the account to allow Miss K some time to consider her options.

Miss K called back on 3 July 2018 and discussed what had happened. Halifax said a further 30 day hold would be put in place but it took the step of defaulting the loan account on 11 July 2018 and Miss K complained. Halifax agreed it'd promised to put another hold on the account but still defaulted it and paid Miss K £150 for the upset caused. But Halifax said the decision to default the account was reasonable and didn't offer to remove it.

Miss K referred her complaint to this service and an investigator looked at it. They thought Halifax had dealt with Miss K's complaint fairly so didn't recommend it do anything else or remove the default. Miss K remains unhappy and asked for her complaint to be appealed so it's been passed to me to make a decision.

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've looked carefully at the timeline of this complaint and I can see Halifax did give Miss H confusing information about her direct debits. I've listened to Miss K's call with Halifax from February 2018 and I didn't feel she was given clear and easy to understand information about what'd happened with her payments and what she needed to do to arrange a new direct debit. I accept that Miss K was told to try and arrange a new direct debit online and call back if there were any problems, but the call was around an hour and a half long and I don't think that advice was clearly explained.

That being said, I do think Miss K was aware that there had been problems with her payments up until that point. And I understand Miss K was abroad at the time which made getting in contact more difficult but it doesn't appear she made contact with Halifax again to check her loan payments until June 2018 on her return to the UK. Given there'd been problems with Miss K's payments, I think Halifax could reasonably have expected her to get in touch if she thought the issues hadn't been resolved.

And whilst I agree Halifax could've been clearer, I haven't found that it was the bank's actions that led to the loan defaulting. I'll explain why.

Miss K agreed a temporary payment plan for three months in December 2017. Halifax agreed she could make three payments of £100. But there was no long term payment plan in place or any agreement Miss K could continue to pay that amount past the three months. Miss K didn't contact Halifax again to rearrange a new payment plan after the three months had passed and it appears she wasn't able to maintain the loan payments.

Miss K didn't contact Halifax again after the call in February 2018 until she returned to the UK in June 2018. At that stage, she told Halifax she wasn't working and couldn't start making repayments again. Halifax agreed to allow some breathing space for a month but Miss K wasn't able to start payments in July 2018 either. Given the length of time since a payment had been made I don't think Halifax's decision to default the loan was unfair at this stage.

Halifax has also explained that if Miss K had continued to make reduced payments of £100 the account would've still been defaulted. That's because her contractual payments were around £242 so the reduced temporary payment of £100 agreed in December 2017 wouldn't have stopped fairly large arrears building up. Looking at all the available evidence, I've not found Halifax unreasonably defaulted the loan.

Halifax told Miss K it would agree another month's breathing space when she called at the beginning of July 2018 but took the step of defaulting the loan before that time had passed. I agree that the service here was poor but I don't think means Halifax should remove the default.

Halifax paid Miss K £80 for call costs in February 2018 and £150 for incorrectly telling her it'd put a hold on the loan account for a month in July 2018. From what I've seen, I'm satisfied the settlements paid fairly reflect the impact of Halifax's errors on Miss K so I'm not telling it to increase its offer.

As I've said above, I haven't found that Halifax's decision to default the loan was caused by the direct debit errors and I think it acted reasonably when it took that step. As a result, I'm not telling Halifax to take any further action to resolve this complaint.

my final decision

My decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 13 March 2019.

Marco Manente
ombudsman