

complaint

Mr R is unhappy Bank of Scotland plc (trading as Halifax) suggested he take out an overdraft - he thinks a loan would have been better. And he doesn't think he then got clear information from it showing his account was overdrawn. So he carried on spending as he thought his account was still in credit.

background

Mr R got in touch with Halifax in September 2015 and applied for an overdraft to cover an insurance payment he needed to make. There was a problem checking his ID so that didn't go ahead. Mr R went into branch a couple of weeks later and applied for a larger overdraft to cover this and other expenses. He said this would be repaid when some investments came through the following month.

Mr R paid the investment money into his account but withdrew it over the next few weeks; he told us he was making new investments. But he continued spending which meant he became overdrawn and went over his agreed limit. Halifax wrote to him about this at the end of October. Following this Mr R made a complaint. He said he should have been given a loan not an overdraft and the mini statements he got from Halifax didn't make clear he was overdrawn.

The adjudicator who looked into this didn't think Halifax had done anything wrong in offering Mr R an overdraft. And he thought the mini statements did show his account was overdrawn. Mr R doesn't agree so I now need to reach a final 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 can't be sure exactly what was said when Mr R went into branch to ask for additional borrowing. But Halifax's system notes say he asked for an overdraft. And I don't think that was the wrong thing for him. He did have additional money coming through in a few weeks so only needed short term borrowing until that arrived. I don't think a loan would have been right for him because that would have involved a much longer term arrangement.

It's really unfortunate Mr R didn't realise he'd spent all of the money he paid in. But I've looked at his mini statements and I think these do make it fairly clear his account is overdrawn. There's a minus sign in front of the balance – and the statements say the available balance is £0. And his monthly statements also show when his account became overdrawn.

I do appreciate running out of money has caused him problems – and has clearly been very distressing for him. But it looks like Halifax tried to help when he got in touch about this. I can see it credited his account to bring him back within his overdraft limit and give him some money to spend on food. It also suggested he look into whether his overdraft limit could be increased and said he could get in touch with its Money Management Team to see what help they could provide.

I understand Mr R's financial difficulties have now got worse and he's lost his job. I'm really sorry to hear that. If he's not already in contact with Halifax about this he may want to get in touch to see what help it can provide (and we'd expect it to treat him fairly). We've previously suggested he get in touch with Step Change who are a debt charity so that's something else Mr R may want to think about.

my final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 February 2016.

James Park
ombudsman