

## **complaint**

Mr and Mrs T complain that Bank of Scotland plc, trading as Halifax, wrongly charged interest on a loan account. They say that the bank had agreed to reduced loan repayments through a debt management company, but that for three months these repayments were sent to the wrong account, and were not credited to their loan account for around eight months. They want the interest, estimated at £400, on the loan during that period refunded.

Mr and Mrs T are represented in their complaint by the debt management company involved in arranging the reduced loan repayments.

## **background**

In September 2012, through a debt management company, a reduced monthly repayment plan was agreed by Halifax for six months on Mr and Mrs T's loan. As a result of an error by that debt management company, three repayments were sent to the wrong account. In December Halifax was told of this, but it was not until May 2013 that the money was correctly credited to Mr and Mrs T's loan.

The debt management company has also questioned whether the bank should have been charging any interest while the reduced repayment plan was in place, whether the repayments were credited or not.

Our adjudicator did not recommend that the complaint should be upheld. She concluded, in summary, that the repayments were not credited to Mr and Mrs T's loan because of an error by the debt management company and not Halifax. She also considered it reasonable for Halifax to continue to charge interest during the reduced repayment plan term, and pointed out that Halifax had stopped charging interest in January 2013, when the account was defaulted.

On behalf of Mr and Mrs T, the claims management company does not accept the adjudicator's conclusions. It says, in summary, that it identified that there was a problem with the repayments reaching the loan account in October 2012, and it took Halifax an unreasonable amount of time to identify what was happening and then to credit the payments correctly. It also questions why Halifax did not stop charging interest much earlier – pointing out that the monthly interest exceeded the reduced repayments.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The error that caused the repayments not to be credited correctly was not Halifax's but that of the debt management company. I do not consider it fair and reasonable to expect Halifax to refund the additional interest arising from their non-receipt when the error lay elsewhere. I do find that Halifax was unreasonably slow in tracing the missing repayments once formally made aware of the issue in December 2012. However, as it stopped charging interest on the whole loan the following month I do not consider that the delay in tracing the repayments had a significant financial impact upon Mr and Mrs T.

A lender is required to treat customers in financial difficulties in a positive and sympathetic manner. What this means in practice depends upon the individual circumstances of the

customers. A lender does not have to stop charging interest if, having given such a request reasonable and fair consideration, it considers it not appropriate to do so. In this case Halifax did agree a reduced repayment programme to help Mr and Mrs T, but did not agree to stop charging interest. It made this clear in its letter to the debt management company in September 2012. If this was not acceptable to Mr and Mrs T the company should have said so. Halifax could then have defaulted the account and stopped interest being charged at that time.

It is therefore my view that it was fair and reasonable for Halifax to continue to charge interest on Mr and Mrs T's loan account, including on the missing repayments, until the loan was defaulted in January 2013.

**my final decision**

My decision is that I do not uphold this complaint.

Malcolm Rogers  
**ombudsman**