

## **complaint**

Mrs R complains that Bank of Scotland plc (trading as Halifax) gave her bad advice when she wanted to switch her account, so now she risks having a default on her credit record.

## **background**

Mrs R said that she wanted a loan to pay off her overdraft, but Halifax wouldn't give her a loan with a competitive interest rate. So she arranged to move her bank account out of Halifax. She said that she talked to Halifax about what to do to pay off her overdraft, and she was offered a repayment plan of £50 per month. But then she was told that she couldn't pay under a plan once her account was closed. She was told about a different way to pay off her debt. But then Halifax said she can't do that either. Finally Halifax told her it would give her 60 days to repay the debt, and if she didn't pay during that time, her account would be defaulted. She could then set up a recovery plan, but the default would affect her credit rating.

Mrs R said that if Halifax had told her that she either had to pay the money back straight away for her overdraft, or her account would be defaulted, then she wouldn't have switched her bank account out of Halifax.

Halifax told us that when it offered Mrs R ways to repay her debt, it didn't know that Mrs R was going to switch her account. The repayment options it discussed with her weren't suitable for someone who no longer has an account at the bank. It said that it had already paid her £50, which she had asked to use to repay some of her debt, and it had offered her a further £125 to say sorry. But it said there was nothing else it could do, the account would have to be defaulted.

Our adjudicator upheld this complaint. She said that Halifax now accepted it had made a mistake and had given Mrs R wrong advice. And our adjudicator was satisfied that Mrs R wouldn't have gone ahead with the switching process if she'd realised her account would be defaulted. So she thought that Halifax needed to put this right. She said that Halifax needed to find a way to allow Mrs R to pay her debt off over 12 months, without recording adverse information on her credit file. Otherwise, Halifax should write off the debt.

At first Halifax said it just couldn't do that. But eventually, Halifax said it had figured out a way of doing it. Mrs R could pay over 12 months. She would have to go into the branch to make her payments. Mrs R said she wanted to pay online instead, but Halifax said it couldn't make this solution work unless she paid in a branch. It agreed that this was going to be inconvenient for Mrs R, so it said it would pay £250 in compensation instead of the £125 it had initially offered.

Mrs R said that Halifax had already put a late payment marker on her credit file. And she didn't trust it to stick to the agreement. So she thought that Halifax should just write off the debt. But our adjudicator said she thought Halifax's offer was fair, and said that it was taking the late payment marker off her account. As Mrs R didn't agree with our adjudicator, the case was passed to me for 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've reached the same conclusion as our adjudicator, and for the same reasons.

I can't listen to the call where Mrs R set up a repayment plan for her account, because Halifax says that isn't available. Halifax initially told us that Mrs R hadn't said she wanted to switch accounts, so it didn't think it had done anything wrong when it offered her some repayment options. But I don't think that what Halifax told us about this is consistent with what it said to Mrs R when it dealt with her complaint on the phone. I think Halifax was clear there that the bank had made an error. And Mrs R seems to have relied on this error when she switched bank accounts. I'm satisfied that Mrs R wouldn't have done that if she had realised she would have to pay the debt to Halifax off straightaway. So I agree that Halifax needs to find a way for Mrs R to pay off her debt, without defaulting her account.

Halifax says it has now done that. It will be complicated for the bank to do, and it can only do it if Mrs R makes payments in the branch. I accept that this will be burdensome for Mrs R, so I think it's right that Halifax should pay Mrs R some compensation to make up for that. I think that an additional £125, on top of the £125 it has already offered, is the right amount to make up for the mistakes that Halifax has made in this case, and the inconvenience that its solution will cause Mrs R. That's what our adjudicator suggested, and Halifax has agreed to this.

Halifax said that it would allow Mrs R to pay off her debt over 12 months. Mrs R said that she didn't think that Halifax would stick to this agreement, and she pointed out that Halifax had already put a late payment marker on her file. We asked Halifax about that, and it said that was a mistake. It would take it off, and make sure there weren't any more. Mrs R didn't believe Halifax would do that.

It has taken a little time for this case to reach an ombudsman for decision, so I asked Halifax and Mrs R if the late payment marker had now been taken off Mrs R's credit file. I'm pleased to see that it has, and no other markers have been put on. I think that Halifax's solution is a fair offer, and I hope that Mrs R has been reassured that Halifax is making an effort to make that solution work. That solution's what I'll base my award on.

## **my final decision**

My final decision is that Bank of Scotland plc (trading as Halifax) must allow Mrs R to pay off her outstanding overdraft over a period of twelve months, starting from the date of this decision. Bank of Scotland plc (trading as Halifax) mustn't register any late payment or default notice on Mrs R's credit record in respect of this debt during that period. If Mrs R doesn't pay off this debt entirely by the end of this twelve month period, then Bank of Scotland plc (trading as Halifax) can then begin the relevant steps to default any remaining debt.

Bank of Scotland plc (trading as Halifax) must also pay Mrs R £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 2 October 2017.

Esther Absalom-Gough  
**ombudsman**