

complaint

Ms S complains that Bank of Scotland plc (trading as Halifax) wrongly pursued her for a debt and sold her debt to a third party while she was disputing the amount outstanding.

background

Ms S had a credit card account with Halifax. She fell behind with repayments and Halifax defaulted the account in June 2010. Ms S subsequently discovered she'd had a payment protection insurance ("PPI") policy on the account, and in early 2013 she complained to Halifax that it had been mis-sold. Halifax turned down her complaint, but Ms S was dissatisfied with Halifax's response. In September 2013, she stopped making repayments to the credit card account, as she considered that Halifax owed her money. The following month she brought her complaint about the PPI to this service. We upheld the complaint in February 2014.

Halifax accepted our recommendations. It reconstructed Ms S's account to show what the outstanding balance would have been if she hadn't taken out the PPI. And it offered to pay Ms S compensation to put her in the position she'd have been in if she hadn't taken out the PPI. But Ms S disagreed with the way Halifax had calculated the compensation and rejected the offer. In June 2015 Halifax sold Ms S's credit card debt to a third party.

Ms S doesn't think Halifax should have pursued her for the debt or sold it to a third party while she was disputing the PPI redress calculation. Since the amount Halifax has already offered to refund her for the PPI is more than the debt outstanding on her credit card, she considers that there is, in fact, no debt for her to pay.

Our adjudicator didn't recommend that the complaint should be upheld. He thought it had been fair of Halifax to sell the debt. Ms S had stopped making repayments in September 2013 and Halifax hadn't applied any interest or charges to the account since then. And he thought it was reasonable of Halifax to offer to pay Ms S the PPI refund by cheque, rather than applying it to reduce her credit card debt.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've come to the same conclusion as the adjudicator.

Ms S isn't happy with the way Halifax calculated the compensation due to her as a result of her PPI complaint. The compensation offered by Halifax is being looked at by this service as a separate complaint. I don't know what the outcome of that complaint will be. So I don't know whether Halifax will be required to pay Ms S more than it's already offered to pay her. But the compensation which Halifax has already offered to pay Ms S is more than the balance outstanding on the credit card. So whether or not we uphold Ms S's complaint that Halifax hasn't offered her enough compensation for her PPI complaint, it seems that once that complaint is resolved, she will be likely to receive more than enough compensation to clear the outstanding balance on her credit card account.

It's true that there would be no balance outstanding on the credit card if Ms S hadn't had the PPI. But Halifax says it wouldn't automatically use the compensation to reduce the credit card balance. Instead, it offered to pay it to Ms S by cheque. This gave her the choice of

using the money to pay off the credit card debt or using it for something else. So there was no guarantee that, as and when Ms S accepted an offer of compensation for her PPI complaint, she'd use it to pay off the credit card balance.

I can understand why Ms S is frustrated that the debt has been sold while she's still disputing the level of PPI compensation due to her. But no interest or charges have been added to the debt for more than five years, so the debt isn't increasing. And once Ms S's PPI complaint is resolved and she receives her compensation, she will have the opportunity to clear the outstanding balance. But for the time being, the balance remains outstanding.

I'm sorry to disappoint Ms S, but I don't find that Halifax was at fault in pursuing her for the outstanding balance on her credit card or for selling the debt to a third party.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 5 October 2015.

Juliet Collins
ombudsman