

complaint

Ms E complains that Bank of Scotland plc (trading as Halifax) sold the debt from her credit card account without informing her.

background

Mrs E said she received some letters from a debt agency. It'd bought a debt from Halifax. But she didn't know the debt had been passed on. She wasn't even aware there was an outstanding balance until she received the letters.

The debt was from 2014. But Halifax hadn't asked her for the money. So she wants to know why Halifax didn't give her the opportunity to pay it off.

Halifax explained Ms E's credit card account had defaulted in 2013. So it'd been passed to its recoveries team. The terms and conditions of the account said Halifax had the right to pass the debt to a third party. On this occasion the debt had been sold on 1 December 2014. Halifax had written to Ms E to let her know. And Ms E had spoken to the debt company in 2014 and refused to deal with it.

Ms E wasn't satisfied with Halifax's response. So she contacted our service and our investigator looked into the matter. She could see Ms E had an outstanding balance on her April 2013 credit card statement of £2060.66. And she had made some previous payments towards her account. Halifax had written to Ms E in December 2014 when it sold the debt to a third party. So she felt Ms E would've been aware from her monthly statements that she had an outstanding balance and had the opportunity to pay it.

Ms E didn't agree. She knew she had a credit card account. But she hadn't heard from Halifax since 2013. She had changed address on a number of occasions but informed Halifax each time. And she hadn't received any letters from the bank. So she's asked for an ombudsman's 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 understand Ms E's frustrations. She had some financial difficulties a number of years ago. But she hadn't heard from Halifax since 2013. And she had no idea the bank had passed on her outstanding balance to a third party until it wrote to her about the debt. So I've looked carefully at what's happened and whether Halifax has made any mistakes.

Ms E had a balance of just over £2000 on her credit card account in April 2013. She had made a couple of payments towards the balance. But she hadn't been able to make the required minimum monthly payments.

Because Ms E hadn't met her obligations under the terms and conditions Halifax placed the account in default. And the terms also allowed Halifax to sell the debt to a third party if it wasn't able to recover the outstanding balance from its customer. Ms E would've received regular statements about her account until it was placed in default. So I think she should've been aware she had an outstanding balance.

When Halifax passes on a debt the recovery agency is required to contact the customer to say it is now responsible for the outstanding balance. And it seems Ms E was contacted by the agency in 2014 although she refused to deal with it. Although it wasn't obliged to inform Ms E of the sale, Halifax also wrote to her in December 2014 to say it'd sold the debt to a third party. I can see Ms E had changed address on a number of occasions but, from what I've seen, she did update the bank and Halifax did use the correct address when informing her of its decision.

Based on what I've seen I think Ms E should've been aware she had an outstanding balance on her Halifax credit card account. She was contacted by Halifax on a number of occasions in 2013 and 2014 to inform her that her account was being placed in default. And the bank acted within the terms and conditions of the account when it passed the debt to a third party after Ms E failed to clear the account.

Ms E says she has no objection in clearing the balance. But she would like to see copies of Halifax's correspondence to her. And she's disappointed the bank didn't give her the opportunity to clear the debt before it passed it to a third party.

Unfortunately due to the passage of time Halifax doesn't keep copies of the actual letters sent. But I have looked at its system notes which show the actions taken by the bank in relation to Ms E's account. And I'm satisfied it took the correct action in informing Ms E of the situation in 2013 and 2014. Ms E did make some payments towards her account before it was placed in default. So on balance I think she had the opportunity to deal with her account before Halifax sold the debt.

I know Ms E will be disappointed with this outcome. But I can't really say Halifax has done anything wrong. And I won't be asking it to do anything more.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 21 July 2019.

Andrew Mason
ombudsman