

complaint

Mr F complains that Bank of Scotland plc (trading as Halifax) reported adverse information about him to credit reference agencies when he was on a debt management plan.

background

Mr F had a significant amount of unsecured debt including an overdraft with Halifax. He was in financial difficulty and approached a third party debt agency for help. It sent a proposal for a debt management plan to Halifax and his other creditors. Halifax agreed to stop interest and charges. But it removed his overdraft limit and made a formal demand. Even though payments were made in line with the debt management plan it reported that these were missed payments on his account. Mr F repaid the overdraft in full and wants this information to be removed.

The adjudicator did not recommend that the complaint be upheld. He said that:

- Once Halifax received notice of the debt management plan in February 2018 it started the process of transferring the account to its recoveries team.
- It was not unreasonable for it to remove the overdraft limit to prevent any further increases in borrowing.
- This made the overdraft repayable in full – so even though Mr F was making payments in line with the debt management plan these were not that full amount and so could be recorded as missed payments on his credit record.
- Information available online from the third party stated that being on such a plan “*will almost always affect your credit file and score*”.
- Halifax had not made a mistake and had acted fairly in agreeing to the plan through an agency. The alternative would have been for Mr F to have contacted it directly and he would still have expected it to act positively and sympathetically if he had.
- He noted Halifax had paid Mr F £50 for being passed between a number of different members of its staff when he tried to find out about the entries on his credit record.

Mr F did not agree. He understood the process followed by Halifax but thought that the outcome – which was adverse information on his credit record – was unfair. This had a significant impact on his ability to borrow and get a mortgage. He did not know that Halifax might have been able to come to a different agreement with him if he’s approached it directly. But he had multiple creditors and he wanted to pay them all off as fast as he could.

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 appreciate that Mr F took a proactive approach to his financial difficulties and wanted to pay off his borrowing. But it was his decision to approach the third party rather than Halifax. And he gave it authority to make a proposal on his behalf - particularly because he wanted to deal with all his creditors at once. I am not looking here at what that agency did – but at the actions of Halifax in response.

The adjudicator’s already quoted information from that agency about the likely impact of the debt management plan. I appreciate Mr F’s borrowing with Halifax was on overdraft. But he’d asked for arrangements to be made to repay the borrowing without interest and charges. And he’d made this request based on his financial difficulties.

The notes I've seen from Halifax show that the account was first moved into collections when agreement to that plan was noted. I agree that it was reasonable as a result for the limit on the overdraft to be removed. Halifax followed its normal process and set out there was outstanding borrowing that needed to be repaid and it made formal demand on what it has confirmed was 1 May 2018. That gave it a number of options for recovering the money even it continued to accept the payments. And the right to register a default against the borrowing.

Mr F was able to repay all of the overdraft borrowing by the end of May 2018 in a lump sum. He does not think it fair that his credit record shows missed payments. I'm afraid I don't agree and I think that this is in line with the arrangement he had come to and his ability to make payments at that time.

So I won't be asking Halifax to take any further action.

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 Mr F to accept or reject my decision before 4 February 2019.

Michael Crewe
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