

complaint

Mr A has complained that Bank Of Scotland plc (trading as Halifax) made a mistake when it decided to close his current account and register a default of his overdraft debt. Mr A also says Halifax sent the letters about the default to the wrong address and he is very distressed by his financial situation.

background

Mr A says that he experienced financial difficulties and ran up an overdraft on his Halifax current account. Mr A says he started to repay his overdraft last Autumn and agreed a payment plan with Halifax. He says Halifax sent the letters about closing his account and registering a default to an old address even though he had updated his contact details.

Halifax says that in response to Mr A's complaint it had investigated and accepted it hadn't updated Mr A's address information. Halifax says it paid him compensation for that mistake and offered to remove the default if Mr A repaid his debt within 60 days.

The investigator looked at Mr A's statements for the two years before the account was closed and thought they showed Mr A was constantly in his overdraft. In the investigator's opinion it was reasonable for Halifax to decide the overdraft is meant as a short term form of borrowing and to close the account when it looked like Mr A would need longer to repay. The investigator didn't think there was any evidence that Mr A had agreed a repayment plan with Halifax. She also thought Halifax had tried to help Mr A by stopping more fees being added to his account by moving the debt to its recoveries team.

She thought that Halifax was entitled to register a default on Mr A's credit file as this was an accurate record of his financial history. She also thought Halifax's offer to give Mr A an additional 60 days to pay the debt and have the default removed was a fair response to its mistake of using a wrong address for him. The investigator noted Halifax had also paid Mr A compensation and thought it had done enough to resolve his complaint.

In response Mr A disagreed and asked for a decision by an ombudsman.

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 agree with Mr A that Halifax made a mistake by sending letters about the account closure and the default to the wrong address. I can see Halifax has paid him compensation and offered to remove the default if he'd been able to pay off the debt in 60 days. I think this means Halifax did enough to put Mr A back in the position he would have been in if it had used the correct address.

I don't think Mr A had a repayment agreement in place with Halifax and I think it was reasonable for Halifax to have decided to close the account. Mr A had been in his overdraft for a long time so I think Halifax was entitled to decide the debt was best dealt with by its recoveries team. I also think it's fair for Halifax to have registered the default as this is an accurate reflection of what has happened with Mr A's account.

I'm sorry to hear that Mr A is distressed by the default and his financial difficulties. A debt charity might be able to help Mr A and I can see the investigator has already given him information about these organisations. I'd also like to remind Halifax to continue to treat Mr A sympathetically and positively.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 May 2017.

Sarah Brooks
ombudsman