

complaint

Mr H complains that Bank of Scotland plc (trading as Halifax) is unfairly holding him liable for a credit card debt and has wrongly registered adverse information on his credit file.

background

Mr H contacted Halifax to update the address on his credit card account. He says that, even though he made reasonable efforts to confirm his identity, Halifax would not deal with him and so he stopped making repayments.

The debt has since increased through interest and charges. Mr H considers that Halifax was responsible for this increase and should not ask him to repay it. Mr H also says that the card debt prevented him from getting a mortgage, and he wants Halifax to amend his credit file and pay him compensation.

Halifax says that the debt was created by transactions made by Mr H, together with charges and interest accrued because he did not make any payment towards it. It does not consider that there has been any incorrect credit information registered. However, it accepts that there were some failings in its service to Mr H and has offered a total of £200 in respect of that. It also agreed to remove its default registration on payment of the debt.

As the dispute remained unresolved, Mr H brought his complaint to this service where it was investigated by an adjudicator. From the available evidence, the adjudicator considered that Halifax's offer represented a fair settlement of the complaint and so did not recommend any additional redress. Mr H did not agree and said, in summary:

- When he initially tried to confirm his identity, Halifax refused to accept this was his account. But now, several years later, it seems to accept he is the genuine customer and wants him to repay the debt.
- He did not make any payments, as he was told the account details did not match those he gave. So the charges and interest are Halifax's fault.
- His being aware that he owed the debt does not make any difference. He is entitled in law to be given a copy of the agreement.
- His mortgage company has told him that, even if the default is removed, it will not lend to him. This is Halifax's fault and he should receive compensation of £20,000, together with substantial additional compensation for defamation.
- He has now been told that Halifax is selling his debt, and he challenges that.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The initial debt on the credit card account arose because of transactions genuinely made by Mr H. But the debt later increased because Mr H stopped making any payments towards it. His reason for that was, as I understand it, because Halifax would not accept his proof of identity.

I can understand why Mr H was irritated and frustrated that he could not get Halifax to accept his proof of identity, but I do not accept that it was reasonable for him to conclude that he was within his rights to simply stop making payments.

In my view, the increase in the debt resulted from Mr H's decision to stop payments, rather than from any difficulty he had with Halifax in proving his identity.

I have noted Mr H's argument that the debt, charges and interest may not be legally enforceable because Halifax cannot produce a copy of his signed agreement. That is something only a court can rule on, and it is open to Mr H to argue his case on that point in the event that court proceedings are taken for recovery of the debt.

However, I cannot see that any dispute about the legal enforceability of the debt would necessarily affect Halifax's right to register accurate credit reference information about the debt. I note that Halifax agreed to remove the default registration it made, on payment by Mr H of the full debt.

In all the circumstances of this case, I am not persuaded by Mr H's argument that he is entitled to damages for defamation or for the failure of his mortgage application. Overall, I consider that Halifax has already offered a fair settlement for this complaint.

I cannot address the new matter Mr H has raised about the sale of his debt, since this is not something that was included with his original complaint and has not previously been considered either by Halifax or by this service.

my final decision

My final decision is that I do not uphold this complaint, because the offer already made by Halifax to pay Mr H £200 is still open to him to accept and represents a fair settlement of the complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 9 February 2015.

Jane Hingston
ombudsman