

## **complaint**

Mrs M complains that Bank of Scotland plc (trading as Halifax) removed her overdraft which meant she had to take a loan. The bank later admitted it'd made an error and shouldn't have said it was removing the overdraft. It paid £100 compensation but Mrs M wanted her overdraft back.

## **background**

Mrs M had an overdraft of £3,000 with the bank and paid about £65 per month in fees. The bank contacted her in May 2013 to say that it was removing the overdraft and she needed to pay it off. It suggested she pay £250 per month. Mrs M said this wasn't affordable and the bank suggested she took out a loan. This would cost £130 per month over five years for a loan of £4,500. This was to pay off the overdraft and some other debts.

The bank later admitted it'd made a mistake and shouldn't have removed the overdraft. It refunded the fees and charges Mrs M paid because she didn't have an overdraft for 17 months. It also paid £100 in compensation. Mrs M wanted her overdraft back and the interest she'd paid on the loan. She felt she was worse off because she was now paying £130 per month rather than £65.

The bank said that it couldn't make a direct comparison because the loan was for £4,500 – a higher amount than the overdraft. However it said it thought Mrs M had made a saving by taking out the loan. The loan had helped her clear her overdraft and bring her account back into credit. It felt the £100 it'd already paid for its mistake was fair.

## **my provisional conclusions**

I issued a provisional decision on this complaint. I thought the bank had considered what it should've in deciding whether to make the loan.

I thought the loan was affordable at the time it was made and continued to be affordable for at least 12 months. While Mrs M's circumstances may have changed since that time I needed to consider whether the bank acted appropriately at the time the loan was made in 2013, not what the position was now. I thought the loan benefited Mrs M because it allowed her to pay off her debt over time whereas the payments for the overdraft didn't.

The bank made a mistake in removing the overdraft. But I thought the bank's payment of £100 was fair and reasonable. I couldn't direct the bank to reinstate the overdraft as this was a commercial decision for the bank to make. In addition it had added some level of overdraft back to Mrs M's account.

The bank agreed with my decision. Mrs M didn't agree. She repeated some of her earlier comments that:-

- at the time she took the loan she was waiting for a large inheritance which would let her pay off her debts.
- the bank offered the loan even though it knew her income was very limited and she wasn't working.

- the financial strain of paying the higher loan repayments contributed to the break up of her marriage.

### **my findings**

I've reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I appreciate Mrs M feels strongly that the bank has done something wrong but I don't think it did. The bank couldn't reasonably rely on an inheritance payment without knowing when it would be paid. In fact Mrs M says it still hasn't been paid. I think the bank did know about her income position as it did an assessment which she signed and it showed that the loan was affordable. While I am very sorry that Mrs M's marriage has broken up I think the loan would've helped her overall financial position and without it the position could've been worse.

So while I'm sorry to disappoint Mrs M, I've reached the same conclusion as I did in my provisional decision for the same reasons.

### **my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 9 November 2015.

Colette Bewley  
**ombudsman**