

complaint

Miss A complains Bank of Scotland plc trading as Halifax (Halifax) won't let her pay money into a closed account with an outstanding overdraft. She's unhappy her payments were either put into a new account or lost. She's also tried to change her name from Mrs B to Miss A on the closed account but Halifax wouldn't let her. She'd like her credit file amended.

background

Miss A said she had tried to make payments since 2013 to the account through a debt management plan – but the payments were either paid into another account or simply lost. She accepts Halifax gave her details of another account to pay into, but that didn't work either.

She said Halifax told her she could make payments once the account was closed and put into default. And she said she was assured the default would be removed once the balance was cleared. Her mother paid off most of the balance in a partial settlement in 2015. Miss A's unhappy because although the debt is now cleared, Halifax hasn't confirmed it. And the default is still on her file – not removed as promised.

Halifax told us Miss A switched her account to another bank when there was still a debit balance to pay on it. Before the debt was sent to the recoveries team, Halifax sent her formal demand letters for the balance before it closed the account. And a default was recorded on her credit file because the debt was outstanding and not cleared in a single payment. Halifax says it told her it would've been removed if Miss A cleared the whole balance in one single payment.

But when Miss A tried to reduce the balance by instalments to remove the default, it said the payments went to her new account because the old one still hadn't yet been closed. Halifax accepts Miss A called to sort this out and was given poor customer service. It paid her £50 to compensate and £1.20 for her long telephone call.

Halifax said it gave Miss A the sort code and account number to make her payments. It apologised to Miss A because the account wasn't sent to its recoveries team sooner in 2013. If it had done, she wouldn't have been getting the formal demand letters – and wouldn't have been trying to make payments to a debt that couldn't be cleared because it hadn't gone through its complete process. So Halifax backdated the default on her credit file to November 2013 – this is when the account was switched but still had a debt outstanding on it. It also credited three lost payments to the debit balance, and paid her £150 for her distress and inconvenience.

Halifax also apologised her name details hadn't been changed – although it couldn't trace when she'd asked for this - but said it'd now been done. Halifax offered to pay Miss A £75 for her distress and inconvenience. Halifax said this made a total of around £275 paid to Miss A in compensation. It also confirmed the account was in the process of being closed and the credit file was amended to show there was a partial settlement.

Miss A complained to this Service. Our adjudicator thought the complaint shouldn't be upheld because Halifax had dealt with her complaint fairly. She thought Halifax had paid enough compensation for her distress and inconvenience, it had backdated the default and had changed her name details on the account.

Miss A disagreed with the adjudicator's view and asked for the matter to be looked at again. She added:

- She - or her mother - was able to pay the full balance in one go in 2013, but were not given that chance.
- She was never told Halifax wouldn't accept a partial settlement of the debt.
- She doesn't think £275 is enough compensation for her distress and inconvenience.

my findings

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

Having done so, I've decided not to uphold this complaint. And I'll explain why.

Firstly, I can see Miss A had been trying to make payments to clear her debt through a debt management plan in 2013. And I can see how frustrating it must've been to be told the payments couldn't go in or couldn't be found.

But I also think Halifax tried to explain what had happened when it told her she couldn't make further instalments until the account had closed. Halifax accepted it should've sent the account to its recoveries team at that point – because only then could Miss A have carried on making payments to clear the balance. So Halifax backdated the default to November 2013 – the date it said it should've sent the debt to the recoveries team. I think this is an unusual but fair way to deal with this part of the complaint. It also paid her £50 for the service she got when she tried to deal with the issue on the telephone, plus the cost of the call.

But having backdated the default to 2013, Miss A says she or her mother had enough money to settle the debt in one payment at that time. And so she says the default should be removed completely. But I think Halifax is still entitled to record a default because the account had originally defaulted whilst it was in her name at the time she switched to another account. So I have no grounds to require Halifax to remove it completely. For whatever reasons, it's taken its own commercial decision to backdate the default to 2013 – so it'll remain on Miss A's credit file for the next 3 years. So I don't think she's losing out here.

To compensate for this part of the complaint, Halifax paid Miss A £150 for her distress and inconvenience, backdated the default and credited three lost payments to the account. I think these are all fair actions for Halifax to take.

Miss A said Halifax told her the default could be removed if she cleared the balance. Miss A may have misunderstood. But this usually means the consumer needs to pay off the balance in one single payment, and not just reduce the balance to zero by instalments. But we haven't seen any evidence that Halifax did say this to her. It had told her in 2015 that a partial settlement wouldn't be enough – and our adjudicator sent her Halifax's notes about that conversation. But a partial settlement was later accepted. Halifax has now confirmed to us that Miss A's account is in the process of being closed and her credit file has been amended to show the partial settlement.

I noted also that Halifax changed Miss A's name on her account and paid her £75 for not doing this earlier.

Taking everything into account, I think Halifax has done enough to put things right. And I don't agree with Miss A that she should get more compensation. So I'm not going to uphold this complaint.

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 Miss A to accept or reject my decision before 1 April 2016.

Amrit Mangra
ombudsman