

complaint

Mr B isn't happy that Bank of Scotland plc (trading as Halifax) let him build up an overdraft and credit card debt.

background

Mr B told us that he was on a 'zero hours' contract. He says that Halifax allowed him to build up an overdraft of around £2,700 and credit card debt of around £2,000. He feels that Halifax didn't lend the money responsibly and that if there had been more in depth checks Halifax would've seen that he'd been using some of the money for gambling.

Halifax says that the overdraft application was completed online so staff weren't involved in the applications. Halifax also has no record of Mr B mentioning his gambling. It says that it did refuse lots of applications Mr B made and that the proper checks were carried out on the successful applications for the overdraft and the credit card.

Our adjudicator looked into what had happened. She didn't think that Halifax had done anything wrong because it had completed checks before lending the money to Mr B. She also looked at Mr B's income and outgoings. And based on what Mr B told Halifax about his circumstances she didn't think that the overdraft or credit card were unaffordable for him.

Mr B didn't agree so I need to make a final decision.

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 understand why Mr B and his family feel that he's been treated unfairly especially as he's rebuilding his life and his finances. But I don't think that Halifax has treated Mr B unfairly or acted irresponsibly because:

- There's no record of Mr B letting Halifax know that he was gambling or that he had money worries. As Halifax has explained most credit checks are automated. So I don't think it's fair to expect Halifax to have reviewed Mr B's account and spending habits manually to look for potential issues when it wasn't on notice that there were any problems;
- Mr B's applications met Halifax's lending criteria. It is up to Halifax to decide if it wants to lend money to a customer and how much. That is part of Halifax's commercial judgement and this can often vary between financial products. So just because Halifax refused to increase Mr B's overdraft doesn't mean that it should automatically refuse to give him a credit card as the lending criteria are often different;

- Mr B originally had an overdraft of £700 that was paid off and the overdraft was cancelled. But Mr B didn't let Halifax know about his money worries or gambling at that time. In October 2015 he applied online for another overdraft which he increased to around £2,700. At that time Halifax told us that it used an automated system which completed credit checks and took into account a number of different factors including income and outgoings. Halifax didn't need to ask for proof of his income. So I don't think Halifax acted irresponsibly as it did take into account Mr B's circumstances before giving him the overdraft. And it also turned down a number of his applications;
- I've looked at the information Mr B gave Halifax when he applied for the credit card and can see that he gave details of his income and outgoings. The information he gave suggested he'd have quite a lot of money left over each month. Halifax is entitled to rely on that information. Mr B also didn't mention that he was having money worries. I don't think Halifax treated him unfairly by giving him a credit card as based on the information he gave Halifax the repayments would've been affordable for him;
- Mr B has mentioned that he can't see the searches done by Halifax on his credit file. But I think the credit searches were carried out. That's because there are different types of searches that Halifax carry out. And not all of them will leave a footprint on his credit file. That's not unusual and based on the information I've seen I'm satisfied that those checks were completed.

my final decision

I'm not upholding Mr B's complaint about Bank of Scotland plc (trading as Halifax). Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 September 2016.

Anna Wilshaw
ombudsman