

## **complaint**

Mr A complains that Bank of Scotland plc (trading as Halifax) has not allowed him a fair chance to clear his overdraft debt.

## **background**

Mr A had a current account with Halifax, on which there was a significant overdrawn balance. He says that Halifax withdrew the overdraft facility but would not give him a reasonable length of time over which to repay the debt.

Mr A says Halifax bullied him into accepting a series of short term repayment arrangements which were not realistic. He says that, although he has managed to substantially reduce the debt over time, Halifax has told him it is going to register a default on his credit file. He feels this is an unfair approach, in the circumstances.

Halifax said it had provided Mr A with a number of repayment plans, but needed the debt to be repaid within a reasonable length of time. It gave Mr A a final repayment arrangement, but said that if the remaining debt were not repaid at that point then it would have to be passed to the recoveries department and the default would be registered.

As things were not settled, Mr A brought his complaint to this service where one of our adjudicators investigated it. From the evidence, the adjudicator was satisfied that Halifax had been entitled to ask Mr A to repay the overdraft debt on demand. The adjudicator felt that Halifax had taken a sympathetic and positive approach to Mr A's financial difficulties, freezing interest on the debt and allowing him repayment arrangements to reduce the debt gradually.

Halifax had made clear to Mr A that, if he did not repay the debt by the end of the final repayment arrangement, then his financial difficulties would be regarded as long-term and the debt would go to its recoveries area and the default would be registered.

The adjudicator noted that Mr A had been unable to maintain the repayments under the final payment arrangement, and so the default had been registered. Taking everything into account, the adjudicator did not feel that Halifax had treated Mr A unfairly and so did not recommend that the complaint should succeed.

Mr A did not agree, and asked for his complaint to be reviewed 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.

Overdraft debts are generally repayable on demand, though a lender would be expected to make reasonable efforts to arrive at a suitable repayment arrangement if the borrower is not in a position to pay off the debt in full straightaway.

In this case, Halifax agreed to a number of repayment arrangements with Mr A and it took steps to help him – such as freezing interest. I have noted Mr A's comments that these were unrealistic arrangements for him and that he should have been allowed a much longer period over which to repay the debt.

But the problem is that, if Mr A required long-term arrangements to enable him to repay the debt, then the debt could not continue to be treated as a short-term problem that did not warrant registration of the default.

I appreciate that Mr A ideally wanted Halifax to both allow him to repay the debt long-term, but also not treat it as a default. I am not persuaded, though, that Halifax was under a duty to agree to that.

Overall, I feel that Halifax has been patient with Mr A and had not treated him unfairly. I can understand why Mr A is very unhappy about having the default on his credit file, but this is an accurate representation of the position on the account and I do not consider that Halifax was wrong to register the default.

### **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 Mr A to accept or reject my decision before 6 February 2017.

Jane Hingston  
**ombudsman**