

### **complaint**

Mr T complains that Halifax did not tell him that a default could be registered when he agreed to a repayment plan, and that it then told him that a default notice was just an update on his account.

### **our initial conclusions**

The adjudicator recommended that Halifax should pay Mr T £100 compensation for distress and inconvenience (in addition to £100 already paid). But he concluded that Halifax had correctly applied the default. Halifax responded to say, in summary, that Mr T should have known that a default could be registered, and that the default was in his best interests as it meant that interest and charges would be suspended, and a long term repayment plan could be agreed. Mr T said that he could have tried to borrow money to make his contractual repayments if he had known about it.

### **my final decision**

To decide what is fair and reasonable in this complaint, I have considered everything that Mr T and Halifax have provided.

I am sorry to hear that Mr T is experiencing a period of financial hardship. Halifax has accepted that it did not tell Mr T about the implications of its default notice. Whilst Mr T did not know that his account could be defaulted, I accept that the registration of the default was correct and in line with the bank's obligation to give correct information to credit reference agencies, and it reflected the fact that Mr T was not making his contractual minimum monthly repayments to Halifax. Mr T said that if he had known about the default, he could have tried to borrow money from family to pay the monthly minimum repayments, but he has not substantiated this. So, on balance, I do not consider that Halifax has acted unfairly in registering the default. I can also see that the recovery actions taken by Halifax and its agents were unwelcome and distressing to Mr T. Although the bank was not obliged to suspend recovery action during our investigation, it said it would do so. As the bank's agents have continued to contact Mr T, I consider that the bank should pay compensation for the distress and inconvenience caused to him by these contacts and by the incorrect information provided to him by the bank. I find that a total of £200 compensation is fair.

**My final decision is that I uphold this complaint in part, as set out in more detail overleaf.**

**Under the rules of the Financial Ombudsman Service, I am required to ask Mr T either to accept or reject my decision before 18 June 2013.**

*Roslyn Rawson*

*ombudsman at the Financial Ombudsman Service*

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

### **ombudsman notes**

In full and final settlement of this complaint, I order Bank of Scotland plc, trading as Halifax, to pay (not credit) to Mr T £100 compensation (in addition to the £100 already paid).

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

### **what is a final decision?**

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

### **what happens next?**

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.