

## **complaint**

Miss B complains that Bank of Scotland plc (trading as Halifax) wrongly told her that her credit file would not be adversely affected if she agreed to a payment plan. She says the bank wrongly advised her to miss a payment so that she could qualify for a payment plan. It has since refused to amend her credit file.

## **background**

Miss B had a credit card account with Halifax. She had applied for a mortgage with another lender and had an 'in principle' agreement for a mortgage. She then found it hard to meet the payments on her credit card account. So, Miss B spoke with the bank. She says the bank advised her to miss a payment. The bank also advised Miss B to have an agreed payment plan, so that her payments would be lower. Miss B says the bank did not tell her of the consequences of agreeing to go on a payment plan. The bank does not agree it did not tell Miss B what might happen.

Miss B went on the payment plan. The bank recorded on Miss B's credit file that she had not made the normal minimum contractual payments on the account for a few months. But then the mortgage company refused to proceed with the mortgage. Miss B says another mortgage lender also declined her application. Miss B was told the reason in both cases was the adverse information on her credit file. Miss B complained to the bank. The bank accepted it had not given correct advice. It offered Miss B £150 in compensation, but would not alter the credit history.

Miss B complained to this service. Our adjudicator did not recommend upholding the complaint. She said that the mortgage offer had pre-dated the call to the bank. The information provided by the bank suggested the bank had told Miss B that the reduced payments would show on her history. She said that the bank had already offered an appropriate level of compensation. Miss B did not agree with the assessment and asked for the matter to be reviewed.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The nub of this complaint is whether the bank made Miss B sufficiently aware that going on the payment plan would have an effect on her credit record. When Miss B contacted the bank, she was concerned that the interest was too high on her card account. She wanted to reduce the payments. Miss B doesn't say that she told the bank she was applying for a mortgage when she spoke to it. And the bank didn't know that she had other savings at the time.

The bank has provided a copy of notes that were made at the time of the call. These are clearly marked by the handling agent that it may show in Miss B's credit file that there was an arrangement in place.

Miss B in her complaint form states that she was told that there would be no effect on her credit file. But later she says it was not explained to her that there would be an effect on her file. It was only after Miss B had been on the payment plan that she realised the effect of doing so on her mortgage offer.

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. Miss B's mortgage was not directly involved in the discussion between Miss B and the bank. The bank has a note of the discussion. On balance, I think it is more likely that the bank did mention that the arrangement would show on the record. But, at the time it may not have occurred to anyone what that effect might have been. It is clear that Miss B's financial adviser was not aware that Miss B was entering the arrangement and so did not advise her about it.

I am satisfied that the bank did tell Miss B about the impact on her credit file. I think it is likely that she did not appreciate the effect on her mortgage offer. And Miss B had not told her financial adviser, who would have warned her.

The records also show that for a time the agreed payment plan sum was not correctly allocated by the bank, which resulted in the bank taking some incorrect steps. But the bank has corrected Miss B's credit file to put her in the same position she would have been in had it not made errors.

I note that the bank has already paid £150 in compensation to Miss B. But this is not because the bank agrees with Miss B's complaint. The bank has accepted it should not have told Miss B to go into the branch to discuss a partial settlement of the account, because that was not possible in her circumstances. In my view this compensation payment is fair.

Halifax has recognised its error and has made an appropriate payment of compensation for that. I am not persuaded that the bank failed to tell Miss B that a payment arrangement would show up on her credit file. In that case, it is not appropriate to order the bank to correct the credit record or take any other action. However, I am of the view that it should also compensate her for not writing the letter concerning the payment arrangement. I think another £100 is fair.

### **my final decision**

My decision is that I uphold this complaint and order Bank of Scotland plc (trading as Halifax) to pay Miss B £100 for her distress and inconvenience.

Amanda Maycock  
**ombudsman**