

The complaint

Mr G is unhappy with Bank of Scotland plc, trading as Halifax and their handling of his Halifax credit card.

What happened

I issued my provisional decision to both parties. The background to the complaint and my provisional findings below are taken from my provisional decision and form part of this final decision.

What happened

Missed payments were recorded for Mr G's credit card in October 2016 and November 2016.

Mr G's wife – who Mr G had given authority to deal with his account – took steps to make payments to the account, with the November 2016 payment being received by Halifax on 30 December 2016.

However, Halifax record that a block was placed on Mr G's credit card on 29 December 2016.

Mr G raised a complaint with Halifax in April 2017 when he returned to the UK after working abroad. Mr G said Halifax had unfairly blocked his card. He said this because after the block was placed his wife had tried to make payment to the card and says she was told it had been blocked due to Mr G being in the armed forces, and the assumption was made that he could not afford the credit card. Mr G's wife said Halifax were made aware there were no affordability problems – both Mr G (who had left the military and was now contracting) and his wife earned well.

Halifax reviewed Mr G's concerns in 2017. They could not explain why a block had been placed on the account, and they accepted it had been done in error. However, because Halifax were unable to guarantee that the account would remain active, for the service issues encountered Halifax offered Mr G £150 and covered some additional costs and fees Mr G had incurred.

Mr G has said that in 2017 Halifax had also told him that due to Halifax's errors no interest would be charged on his credit card going forward and they would reverse the block on the account. Halifax have said there are no records to support Mr G was promised that no interest would be applied to his account. And they said that Mr G had been told in 2017 that it may not be possible to reverse the block, so his account could be withdrawn.

Mr G's statements for January, February and March 2017 show that no interest was charged to the account (after the block), but interest was again applied to the outstanding balance from April 2017. The April 2017 statement described the account as 'Account closed'. Separately, Halifax's internal notes say the account was "withdrawn" in October 2017.

Mr G complained again to Halifax in July 2020 and Halifax reviewed Mr G's concerns about his wife being unable to make a payment to his account over the phone, and interest being applied to the account. Halifax said his complaint about the closure of the account had already been dealt with in 2017, and they did not uphold the more recent complaint points raised.

In May 2021 Mr G complained for a third time to Halifax. He said at no point during the complaints he'd raised had Halifax responded to his concerns that he had been discriminated against. Mr G also reiterated his complaint that he was still being charged interest on his account and that his wife couldn't make payments over the phone. Mr G also raised further concerns that during the complaint Halifax had failed to call him when they'd promised.

Halifax reviewed Mr G's complaint and did not uphold it. They said the account closure had been dealt with in 2017 and they didn't find any evidence to suggest Mr G had been discriminated against. Halifax also maintained their position on the other points Mr G had raised and said while they'd not called him at the time promised, they had made attempts later on the same day to get in touch with Mr G.

Mr G didn't accept Halifax's conclusions and brought his concerns to our service. Our investigator explained that Mr G's complaint about the block on the account was not something they could comment on, but they considered the other elements of Mr G's complaint. On doing so they concluded Mr G's complaint should not be upheld.

Mr G strongly disagreed with the investigator. To summarise, Mr G maintained his view that Halifax had discriminated against him when blocking his card due to an assumption that he was in the armed forces and therefore could not afford the credit card. Mr G also said it wasn't fair for Halifax to have admitted they'd made an error and stop his credit card, promise him he'd no longer incur any interest, but then continue to charge him interest.

Mr G also told the investigator that Halifax had been wrong to suggest things had been resolved in 2017 because the attempt to reinstate the credit card had failed straight away, therefore permanently withdrawing access to his credit card and charging him interest.

And Mr G also maintained that Halifax had not been truthful with his wife as they'd told her she could not make a payment to his account through her banking app, but this is how she in fact now makes the payments.

Lastly, Mr G again expressed his concern that Halifax had not contacted him when promised and that overall the whole handling of these events had been poor, unfair and distressing to him. Mr G said he had never had any affordability issues and Halifax had been told this.

Before the case was passed to me for decision the investigator was asked by one of our ombudsmen to clarify with both parties what parts of Mr G's complaint could be considered by this service. It was agreed that the complaint points to be reviewed included the closure of the account – which Mr G considered to be discriminatory; that a third party could not make payments to the account; and, that interest had been charged to the account after 2017.

What I've provisionally decided – and why

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, the provisional conclusions I've reached differ to the investigator's

conclusions as I think Mr G's complaint should be upheld in part, and I'll explain why.

Before I set out my reasoning however, I'd first like to comment on the part of Mr G's submissions that referenced various legislation including the Equality Act 2010 and the Armed Forces Act 2011. As well as the Financial Conduct Authority's report on customer's access to financial services, the UK government's investigation into UK banks for discriminating against women, and legislation in the USA relating to the treatment of service personnel.

And so it may help if I explain the role of this service. The Financial Ombudsman Service is an alternative dispute resolution service set up to resolve individual complaints based on what is fair and reasonable in the circumstances of each case. The Financial Ombudsman Service does not fine or punish businesses, or request that businesses change their processes or practices – that is for the regulator, the Financial Conduct Authority to consider.

When deciding what is a fair and reasonable resolution to a complaint, the Financial Ombudsman Service will take into account any relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

One of Mr G's main concerns with Halifax is that he says they've discriminated against him due to believing he was in the military, and he's referenced the Equality Act 2010 as part of his submissions on this point.

In light of the remit this office has (as I've described above), and setting aside that military personnel are not listed as a protected characteristic under the Equality Act 2010, it might be helpful to Mr G if I explain this office is not a court, so it does not have the power to determine whether a law has been breached. That is for the courts to decide.

However, I've explained above that this office can take a number of things into account when deciding whether a business has treated a customer fairly and reasonably. So while, it doesn't seem to me that the Equality Act 2010 applies to Mr G in this case, I can still think about whether there was anything to suggest Halifax's treatment of Mr G when dealing with this matter involving his credit card account was unfair or different to any other Halifax customer.

Mr G says Halifax unfairly blocked his credit card because they'd wrongly assumed he was in the military and could not afford the card. I can see why Mr G would find this upsetting given it's clear from his submissions he has a great deal of pride in having served in the armed forces prior to the events in question.

As I've noted above, matters open to me to consider do not extend to reviewing what happened in 2017 which I believe is at the heart of this complaint. But I can see from Halifax's submissions that in 2017 when they looked at Mr G's complaint they concluded they had made an error in blocking his credit card at that time.

While I'm unable to investigate the original reason Mr G's card was blocked, it's been agreed I can consider the closure of Mr G's account which it appears happened after Halifax reached their conclusions about Mr G's original complaint.

Disappointingly there is little evidence available around the actual closure of Mr G's account. And I find Halifax's submissions that Mr G's account was 'closed' in April 2017 (as noted in the credit card statement) and also 'withdrawn' in October 2017 (according to their internal notes) unclear in terms of what these different descriptions of Mr G's account mean. That said, it seems Mr G did not use his account from April 2017, and only payments were made

towards the outstanding balance to reduce the debt, so I've assumed that from April 2017, at the very least, Mr G no longer had access to using his credit card. It also appears that both parties agree Mr G was made aware that – in view of the block on his account – there was a real possibility that closing/ withdrawing his account was something that could happen.

I am very mindful that Mr G has been consistent through his submissions that his and his wife's understanding of events has been that the block on the account was due to Halifax assuming Mr G could not afford the account because he was in the military. However, as I've noted, I'm unable to consider what the original reason was for the block on the account, and I've not seen anything around the time of the closure of the account (whether I consider that to be April 2017 after Halifax considered the initial complaint, or later in October 2017), to suggest it was closed due to Mr G being in the military, or being associated with the military.

What I do know is that Halifax were unable to clearly explain to Mr G why the account was blocked in the first place and they accepted this was their error.

And it appears to be accepted by Halifax that the account was subsequently closed because of the block. So it is very disappointing that, through what appears to be no fault of his own, Mr G's credit card was no longer available to him. It's therefore difficult for me to say Mr G was treated fairly.

So I think it's reasonable to uphold this part of Mr G's complaint, and I've considered how Halifax should put this right - as far as it is reasonably possible to do so.

I cannot now ask Halifax to reinstate Mr G's credit card – the time passed and Halifax's obligations as a lender would require an assessment of Mr G's circumstances to decide whether to agree credit for him at this point in time. And this would be a commercial decision for Halifax to make, and something I would not be able to interfere with.

That said, Mr G is not seeking reinstatement of the credit card as he has said he wishes the matter to be resolved with the refund of all the interest he has paid towards the credit card since 2017 as well as compensation for the distress and inconvenience the matter has caused him. As noted earlier, Mr G has said Halifax told him the interest would be waived going forward from 2017 because of the error they made.

Halifax's internal notes record that they can find no evidence of any phone calls or communications that they promised Mr G interest would no longer be applied to his account. And they've said that under the terms of the account they are able to continue applying interest.

Halifax have not referenced the specific terms they are relying on, and have only provided our service with a link to their website, so I'm not clear what terms Halifax is referencing to support their position. However, in general, it is not unusual for a credit card provider to continue charging interest to an outstanding balance on a closed account. In such circumstances, the agreement between a credit card provider and the cardholder does not end until the balance is cleared given that the cardholder has had use of those monies at the price of the interest set out in their agreement. That said, I would note that the rate of interest being applied should be done so fairly once an account has been closed.

I've also seen no evidence that in this case Halifax guaranteed Mr G that no further interest would be applied to his account. And even if Mr G had been left with any such impression, it would not automatically follow that to put things right we would ask the business to remedy the matter as if any misrepresentation had been true.

In view of the above there is not enough for me to fairly say that interest applied to Mr G's

credit card should not have been added after he no longer had use of the card. And as Mr G himself has said, he did not have any affordability concerns so there was nothing to suggest he was in financial difficulties so that Halifax could have considered waiving interest. So I am minded to say that Halifax should not refund Mr G interest he's paid towards the credit card since 2017.

Halifax's submissions also note that Mr G told them he had not suffered any financial loss by not having had access to the credit card. And Mr G has not said anything of this sort to our service either. So I don't think there is anything to put right here.

However, as I've noted, the credit card appears to have been closed most likely due to Halifax blocking Mr G's credit card – which they've accepted as their error. And while there appears to be agreement between Halifax and Mr G that he was made aware of the possibility the credit card could be withdrawn, there is little evidence available to support how confirmation of the closure was conveyed to Mr G. Overall I think it's reasonable to say Halifax should recognise that the closure of Mr G's credit card was ultimately due to their accepted error, and I think they should pay him £200 to recognise the inconvenience and upset this matter has caused him. This is in addition to the £150 Halifax has already paid to Mr G when looking into his complaint about the block on his card.

I've considered what Mr G has said about his wife being given wrong information and this causing her problems making payments to his account. Halifax's notes record attempts to locate any relevant phone calls from the time in question, but these were unsuccessful. And as there is therefore little information available about the exchanges here between Mr G's wife and Halifax, it's difficult for me to know exactly what was discussed.

That said, Mr G's wife was able to make payments to the account and I'm unaware of any real impact to Mr G's credit file. And as the account was in Mr G's name only I would be unable to make any award to Mr G's wife for any inconvenience. So I don't think there's anything more to do here.

Lastly I'm aware of Mr G's complaint that Halifax did not call him when promised while dealing with his complaint. The scope of the rules we follow does not permit this office to consider complaints relating to a business's complaint handling. So I'm not able to investigate this matter or make any award in relation to it.

Responses to my provisional decision

Bank of Scotland plc, trading as Halifax acknowledged receipt of my provisional decision, but did not provide me with any further submissions.

Mr G replied to my provisional decision and, while disappointed, provided no further submissions for me to consider.

What I've decided – and why

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

As neither party presented me with any further submissions to consider I see no reason to alter my conclusions from those set out in my provisional findings above. I therefore think Mr G's credit card was most likely closed due to Halifax blocking his credit card in error. And to recognise the inconvenience and upset this caused Mr G, Bank of Scotland plc, trading as Halifax should pay Mr G £200 – this is in addition to the £150 they have already paid Mr G.

Putting things right

Bank of Scotland plc, trading as Halifax should pay Mr G £200.

My final decision

For the reasons above, my Final Decision is that Mr G's complaint is upheld in part and Bank of Scotland plc, trading as Halifax should put things right as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 January 2023.

Kristina Mathews
Ombudsman