

The complaint

Miss K complains that Bank of Scotland plc trading as Halifax (Halifax) didn't treat her fairly when she was in financial difficulty.

What happened

Miss K had a credit card from Halifax. In June 2022, the limit was £3,400 and the balance was £3,114.44.

Miss K then suffered a series of serious personal issues – she lost her job and her marriage broke down. She explained her situation to Halifax a number of times and over the period from June 2022 to March 2024, Halifax agreed to a number of payment plans or 'holds'.

These charged zero interest and required no payments as shown:

| Date | Period of plan/hold | Interest | Payments required | Balance |
|-----------------|-------------------------------------|------------------------------------|------------------------|-----------------|
| June 2022 | 3 months | Zero | None | £3,114.44 |
| August 2022 | 30 days | Zero | None | £3,114.44 |
| October 2022 | 3 months | Zero | None | £3,114.44 |
| 2 February 2023 | Notice of Default (arrears £644.28) | | | £3,114.44 |
| February 2023 | 3 months | Zero | None | £3,114.44 |
| May 2023 | 3 months | Zero | None | £3,114.44 |
| 18 July 2023 | Notice of Sums in Arrears | | | £3,114.44 |
| July 2023 | £1,170 paid in | | | Arrears cleared |
| August 2023 | 30 days | Zero | None | £1,944.44 |
| August 2023 | 3 months | Zero | None | £1,944.44 |
| November 2023 | 3 months | Zero | None | £1,944.44 |
| March 2024 | 3 months | Zero (interest to start June 2024) | To start 14 March 2024 | £1,894.44 |

Miss K complained about several things:

- She said Halifax hadn't treated her in line with the Financial Conduct Authority's (FCA) rules for dealing with customers in financial difficulty.
- She said a default on her credit file would mean she couldn't return to work – given her profession.
- She wanted a further payment plan in March 2024 rather than a short term arrangement.
- She said Halifax's service was poor – she had to spend a long time on the phone and had to 'beg' for the bank's help. She says the arrangements should've been agreed without the need for calls.

In February 2024, Halifax said:

- The bank followed their correct processes. They'd agreed a number of payment plans and holds since June 2022. The three-month plan in November 2023 was the last one they could agree to.
- The bank's Financial Assistance team had given Miss K the best level of support they could. But a further payment plan couldn't be agreed because of the number already put in place.
- The bank agreed to an interest freeze for the next three months (to June 2024) but noted that Miss K had said she could start payments again in March 2024.

Miss K brought her complaint to us. Our investigator didn't uphold it. She said that Halifax had done enough to support Miss K through a difficult time. She said it wasn't always in a customer's best interest to hold off defaulting an account – given that it would stay on her credit file for six years.

Miss K didn't agree and asked that an ombudsman look at her complaint, and so it has come to me to make a final decision.

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.

Miss K has told us about the series of serious and unfortunate events that have affected her personal and professional life, and I was sorry to hear of what's happened to her. I hope things are now improving. I asked Halifax for an update, and she has now recommenced payments to her account and it is paid up to date. Interest is being charged again by Halifax – advised to Miss K in a letter dated 9 July 2024.

At the outset I'd like to say that we are not a consumer group – we are an informal complaint resolution service. We are independent and impartial and our role is to listen to both sides of a complaint, take evidence from both parties, and then decide on a fair and reasonable outcome. It's important to bear this in mind here.

Businesses have an obligation to treat customers in financial difficulty sympathetically. The Financial Conduct Authority's (FCA) guidance on this is:

- A firm must treat customers in default or in arrears difficulties with forbearance and due consideration.
- Examples of treating a customer with forbearance would include the firm doing one or more of the following:
 - considering suspending, reducing, waiving or cancelling any further interest or charges.
 - allowing deferment of payment of arrears.
 - accepting token payments for a reasonable period of time.
 - Where a customer is in default or in arrears difficulties, a firm should allow the customer reasonable time and opportunity to repay the debt.

I considered whether Halifax acted in line with this guidance and in summary, I think they did. I can see that over a period of two years, Miss K wasn't charged any interest, nor was she asked to make any payments.

Miss K wanted a further payment plan in March 2024, and Halifax said they couldn't agree to another one – given the number agreed over a period of almost two years. The bank showed us their processes, and these say they will normally only agree to two payment plans – as the intention is for a customer to return to work (for example) and recommence payments in that time.

But here, Halifax went well beyond that – which was a very reasonable thing for them to do. And so, I can see why they said they couldn't agree to a further plan in March 2024. But in any event, they did agree to freeze interest for another three months, so they went some way to agreeing to what Miss K asked for.

And while Halifax didn't charge any interest or ask for payments to be made over the period – the monthly contractual minimum payments were still required to be paid in line with the credit card agreement. The FCA don't say that default processes can't be followed.

And so after a period, Halifax started default processes – by sending Miss K a Notice of Default and a Notice of Sums in Arrears. That Halifax would do that was set out in the various letters sent to Miss K - which I've seen.

Miss K made payments totalling £1,170 in July 2023. She did this to clear the arrears which had by then built up and to avoid a default being registered.

Halifax showed us that they advised missed payments to the credit reference agencies (CRAs) – all banks must report accurate information to the CRAs in that way. So it appears that missed payments will show on Miss K's credit file. But I couldn't see any evidence that a full 'default' was registered.

Miss K says she had to 'beg' Halifax to agree to the payment plans and had to spend a long time on the phone with the bank. I reviewed the notes of the calls between Halifax and Miss K. But here, it's fair to say that Halifax have a duty to ensure that such plans are right for each customer, and so it's reasonable that they spoke to Miss K each time. I also think that's a reasonable thing from the bank's point of view – as the bank were providing Miss K with interest-free borrowing with no payments for almost two years, so it seems reasonable to me that they asked to speak to her.

I did note that the bank didn't ask for an income and expenditure analysis at any time – which would've taken longer – but only asked for an update on Miss K's circumstances, so it looks like they tried to keep conversations as short as possible.

In summary, I consider Halifax did support Miss K in line with the FCA's guidance and over a long period of time. And so, while I can see that Miss K feels strongly about her complaint and will be disappointed by my decision, I'm not asking Halifax to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 12 September 2024.

Martin Lord
Ombudsman