

## **The complaint**

Miss K complained because Bank of Scotland plc, trading as Halifax, didn't refund her for a flight payment. The airline told her that her booking hadn't gone through, so she booked a replacement flight, but then both payments were debited. Miss K also complained about Halifax's customer service during its investigation of her complaint.

## **What happened**

On 12 December 2022, Miss K booked a flight. The flight and baggage allowance payments came to £1,094.31. She received a message from the airline saying the booking hadn't gone through. So the next day she booked a replacement flight, which was debited to Miss K's account straightaway. But the original payments to the airline went through as well, two days later. Miss K had had enough in her account for the flight, but the second debits put her account into overdraft.

Miss K, who was abroad for some time, rang Halifax from abroad. She had to ring several times, trying to get a refund for the payment. She was transferred between departments, but didn't get a satisfactory answer. She complained.

Halifax's final response accepted that it had let Miss K down. It said that no-one had taken ownership of her case, and it was sorry to hear how this had affected her. Halifax accepted that it had unintentionally caused Miss K further upset, particularly on a call on 8 February 2023. It paid Miss K £75 compensation for this.

But Halifax said that the airline had declined its challenges for a refund. So it couldn't help any further in relation to the cost. When Halifax and the complaint manager spoke, Miss K was still trying to get a refund from the airline, and Halifax suggested she could contact an advice organisation.

Miss K wasn't satisfied and contacted this service.

Our investigator's final view was that Halifax should refund Miss K with the £1,094.31 plus interest at 8%. He also said that Halifax should pay Miss K a further £400 compensation, and remove any adverse credit information which had resulted from the complaint.

Halifax agreed to do this.

Miss K initially accepted the investigator's view, but then said she felt the amount of compensation wasn't enough for the impact Halifax's failings had had on her life. She rejected the investigator's view and asked for an ombudsman's decision. Miss K also said that she had received numerous letters from a debt company because of the overdrawn amount. This had impacted her credit rating and had a detrimental effect on her mental health.

Miss K said that she was currently unemployed, and unable to look for work due to the stress, depression and anxiety the debt was causing her. She sent a copy of a March 2024 letter from the debt collection agency about the outstanding £936.52 which was overdrawn

on her account, and an unfit-to-work doctor's certificate. She said she'd need counselling, which she'd have to pay for, and £400 wouldn't be enough to cover the ongoing cost to her health, and nor would it cover the damage to her credit rating.

### **My provisional findings**

I issued a provisional decision on this complaint. This was because I'd come to a different conclusion to the investigator. Issuing a provisional decision gave both sides the opportunity to comment on it, by the date set, before I issued a final decision

Before issuing the provisional decision, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

In my provisional decision, I set out my conclusions in two parts: liability for the payments totalling £1,094.91, and compensation for distress and inconvenience.

#### *Liability for the payments totalling £1,094.91*

Having looked at all the evidence, I agreed that Miss K shouldn't be liable for the payments totalling £1,094.91, and Halifax had agreed this.

But I disagreed with the investigator about the correct way to put this right.

In order to put this right, I said that I intended to order Halifax to:

- write off the £936.52 overdraft for which its debt collectors have been pursuing Miss K, and notify its debt collectors that it has done so; and
- pay her what would otherwise have been the outstanding credit on her account, ie £158.39. This is because out of the disputed £1094.91, £936.52 is overdraft and is corrected by writing off this sum and notifying the debt collectors. The remainder, which is owing to Miss K, is £158.39. This figure is also shown on her bank statement.
- Similarly, the interest payable at 8% to Miss K should be calculated on the £158.39 figure. Interest isn't payable on overdrawn funds.

This should also have the effect of meaning the debt collectors no longer pursue Miss K for the £926.52 overdraft.

#### *Compensation for distress and inconvenience*

I considered how much compensation Halifax should pay Miss K for the distress and inconvenience which resulted from the poor service it provided when Miss K reported the problem.

I agreed with the investigator that a further £400, in addition to the £75 which Halifax had already paid Miss K, would be fair and reasonable compensation for what happened. £400 compensation reflects an error which has caused considerable distress and significant inconvenience and disruption. This level of compensation represented an impact that lasts over many weeks or months.

I noted that Miss K also wished to claim to cover the cost of an unspecified amount of future counselling which she says she needs. But I didn't consider it would be fair or reasonable to

require Halifax to pay for an unspecified amount of future counselling, in relation to Halifax's handling of her complaint in December 2022 and early 2023. I pointed out that I intended to order the adverse information on Miss K's credit file should be removed, and this should lead to a significant reduction in the stress resulting from anxiety about her credit file.

So my provisional decision was that I intended to uphold this complaint in part. I said that I intended to order Bank of Scotland plc, trading as Halifax, to:

- write off the £936.52 overdraft for which its debt collectors have been pursuing Miss K, and notify its debt collectors that it has done so;
- pay her £158.39, which would have been the outstanding credit on her account;
- pay her interest at 8% simple on £158.39 from the date of the disputed transactions to the date of settlement;
- remove the related adverse credit information from Miss K's credit file;
- pay Miss K £400 compensation for distress and inconvenience. This is in addition to the £75 which Halifax previously paid Miss K.

### **Responses to my provisional decision**

Halifax accepted my provisional decision.

Miss K said that her loss of earnings hadn't been taken into consideration, as a result of her not being able to work because of the stress the debt had caused her. She asked why that was.

### **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.

I've also taken into account the replies to my provisional decision. In response to Miss K's question about loss of earnings, I have taken into account all relevant elements relating to distress and inconvenience in my provisional decision, in which I said I intended to award £400 compensation. I don't make any separate additional award for loss of earnings.

Having re-considered the evidence, I see no reason to depart from my provisional conclusions.

### **My final decision**

My final decision is that I uphold this complaint in part. I order Bank of Scotland plc, trading as Halifax, to:

- write off the £936.52 overdraft for which its debt collectors have been pursuing Miss K, and notify its debt collectors that it has done so;
- pay her £158.39, which would have been the outstanding credit on her account;
- pay her interest at 8% simple on £158.39 from the date of the disputed transactions to the date of settlement;

- remove the related adverse credit information from Miss K's credit file;
- pay Miss K £400 compensation for distress and inconvenience. This is in addition to the £75 which Halifax previously paid Miss K.
- 

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 5 June 2024.

Belinda Knight  
**Ombudsman**