

The complaint

Mr and Mrs K complain that Bank of Scotland plc trading as Halifax did not remove Mrs K's name from the account and the default in her name when they asked it to.

What happened

Mrs K contacted Halifax about removing her name from the joint account she held with Mr K. She says she was unaware of the spending Mr K carried out on the account and the account defaulted. She says that she was advised by Halifax for Mr K to write it a letter advising it that he would take full responsibility for the account and the default. Mr K posted it this letter and Mrs K called Halifax later to see if it received this letter, who informed her it had been sent to the relevant department, but it could only communicate via that department via email and it encouraged her to make a complaint. Mrs K made a complaint to Halifax.

Halifax did not uphold Mr and Mrs K's complaint. It said the joint account was opened in branch on 19 May 2016. It said the debit card which was registered in Mrs K's name was used in 2020 up to around February 2021. Halifax said it asked Mr K to write to them and it received the letter, but it was unable to remove the default from Mrs K's name as both account holders spent money using their own debit cards and are responsible for the debt. Halifax said it had a responsibility to accurately report the status of the account to the credit reference agencies (CRA's) and unfortunately it was unable to remove the default from Mrs K's name. Mr and Mrs K brought their complaint to our service.

Our investigator did not uphold Mr and Mrs K's complaint. He said the account was closed due to it defaulting. He said following an account closing with a negative balance, a name cannot be removed from it. Our investigator said when an account is in joint names, then any debts associated with it are the responsibility of both parties on the account irrespective of who used the funds. Mr and Mrs K asked for an ombudsman to review the complaint. Mrs K said that her financial history has always been perfect, and she has been left in a mess based on how Mr K managed his finances.

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 considered what Mrs K has said about how it was Mr K who had spent on the account and the statements show this. But here, Mrs K would have needed to have agreed to the terms and conditions of the account when she was added onto the account. The joint account agreement would apply to both Mrs K and Mr K.

The joint account section of the terms and conditions show that *"This agreement applies to all of you together and to each of you on your own"* and *"This means that just one of you can"* and the second bullet point says *"withdraw all the money in the account"*. The terms show that *"If one of you doesn't (act within the terms of the account), we can take action against any or all of you"*. The terms of the account advise the account holders to *"Keep an eye on your statement"* and *"Please check any information we send you in texts, letters,*

mobile alerts and statements”.

So Mrs K should have been reasonably aware that action could be taken against her even if Mr K withdrew all of the money in the account, including any overdraft. The terms of the account state “*Keep an eye on your statement. If you have any concerns, let us know straightaway.*” So Mrs K would have been able to see the activity on the account statements. If there was any reason she was not receiving statements from Halifax, then it would be proportionate to let them know about this.

Halifax have a requirement to accurately report information to the CRA's. So as this account defaulted while it was in joint names, then Halifax made no error in reporting this information to the CRA's, despite the unfairness that Mrs K may feel about what happened here. Both parties are joint and severally liable for the account and its debt and Halifax have said it's unable to give sole responsibility to just one party on the account as the account is already closed and defaulted. So as there was no error, I'm unable to ask Halifax to remove Mrs K from the account (even though Mr K has also written to Halifax for Mrs K to be removed) or to remove the default from her name with the CRA's.

Mrs K may wish to consider registering a “*notice of correction*” with the CRA's to explain what happened here. This is a short explanatory note that she can add to an entry on her credit file, to explain the background to that entry. So anyone who searches her credit report, such as a mortgage provider, would see the notice of correction and take the notice into account if they viewed her credit file. Prospective lenders will each consider a notice like this differently and it isn't a guarantee that they will put the underlying payment information to one side. But given how strongly Mrs K feels here - it is an option that is open to her. She would need to contact the CRA's to do this. But as Halifax have made no error in reporting the account status and account holders to the CRA's as they are obliged to do this, it follows I don't require Halifax to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to accept or reject my decision before 16 August 2023.

Gregory Sloanes
Ombudsman