

The complaint

Mr F complains that Bank of Scotland plc trading as Halifax have not honoured a money transfer promotion at 0% interest.

What happened

Mr F completed a money transfer on 3 August 2022 for £2500 on his online banking at 0% interest. He later complained to Halifax because the money transfer wasn't processed at 0% but instead at the standard interest rate of 30.03%.

Halifax acknowledged that it had made an error. It sent a final response to Mr F on 14 September 2022 and said it had arranged for the money transfer of £2500 to be put on 0%. The letter stated that "your current full balance of £6730.17 will be on this interest rate promotion". Halifax also made a payment of £50 to Mr F in recognition of the upset caused.

In December 2022 Mr F noticed that Halifax had started charging interest on his full balance. He complained to Halifax and said this was contrary to the final response they had sent to him on 14 September 2022.

In its final response dated 25 April 2023, Halifax apologised for not getting things right. It said it had arranged for Mr F's money transfer of £2500 to be reinstated to 0% and had refunded all interest charged. It paid Mr F £60 by way of apology. Halifax said it understood that Mr F thought that all of his plans should be at 0%. It said this wasn't an appropriate outcome because it had made an error in September 2022 when checking the interest rate across all of his promotional plans and had wrongly advised him that the interest rate for all promotions was 0%. It advised Mr F that the rate of interest for the promotional offer for £5000 which had taken on 23 May 2022 was 3.9% until 23 May 2025.

Mr F remained unhappy and brought his complaint to this service. He says that Halifax had agreed to put his total balance on 0% and he wanted them to honour the agreement, refund interest and pay compensation.

Following the referral of Mr F's complaint to this service, Halifax offered a further £40 compensation to resolve the complaint. Mr F didn't accept this offer.

Our investigator didn't uphold the complaint. He said that although he understood Mr F's concerns about being told the interest rate would be 0%, this was an error made by the advisor and the actual interest rates applicable to each account was made clear to Mr F on his statements. The investigator said that the compensation offered by Halifax was fair and reasonable.

Mr F didn't agree so I've been asked to review the complaint.

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.

There's no dispute that Halifax advised Mr F that his current full balance of £6730.17 would be placed on the 0% interest rate promotion. This was set out in the letter dated 14 September 2022.

Halifax has said that this was an error, and that only the £2500 money transfer which was the subject of Mr F's initial complaint attracted the rate of 0%.

Mr H has said that he only accepted the final response dated 14 September 2022 on the basis that his total balance was placed on 0%. He says that Halifax proposed this offer and he accepted it, and that it was confirmed in writing.

I've reviewed the information provided by Halifax. This shows that Mr H had 4 promotional plans running. One of the plans is the money transfer of £2500 at 0% interest. The other three plans are balance transfers, all of which were on a promotional rate of 3.9% when they started.

I've also reviewed the statements for each promotional plan. The statements show that interest rate applicable. I think Mr F would have been aware that all of his plans – except the money transfer of £2500 – were subject to an interest rate of 3.9%.

I understand that Mr F feels that Halifax should honour what they set out in the letter dated 14 September 2022. However, Halifax has explained that this was an error, and on a review of the information I can't see any reason why the other accounts should've been changed to 0% at that time. Mr F has said that the offer to change all the other accounts to 0% was in recognition of the error in relation to the £2500 transfer, but I haven't seen any evidence which supports that. Halifax paid compensation of £50 to Mr F in recognition of the initial error with the £2500 transfer and I think that was fair and reasonable.

Halifax has apologised for its error. I haven't seen any information which causes me to think that this was anything but human error. I understand that this will be disappointing for Mr F but I'm satisfied that the fairest way to remedy this error is by way of a compensatory payment for the upset caused, and not a substitution of a 0% rate in place of the 3.9% interest rates applicable to each promotional plan.

I've thought about what level of compensation is fair and reasonable to reflect the upset caused to Mr F. Halifax has paid compensation of £110 already and has offered a further £40. Taking everything into consideration, I think compensation of £150 is fair and reasonable and in line with what this service would award.

For the reasons I've given, I'm not upholding the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 3 January 2024.

Emma Davy
Ombudsman