

## **The complaint**

Mr N complains Bank of Scotland plc trading as Halifax (Halifax) refused to allow the refund of overdraft charges to a bank account of his choice.

## **What happened**

Mr N says Halifax agreed it had lent to him irresponsibly and agreed to refund the overdraft charges it levied to his bank account, totalling £1,999.65. Mr N says Halifax used the refund to reduce his overdrawn balance and at the same time removed his overdraft limit, meaning he couldn't access those monies.

Mr N feels Halifax acted unfairly and its actions have added to his stress and anxiety and wants it to pass the refund to an account of his choice, so he can access the money.

Halifax says although it agreed it had lent irresponsibly, when refunding arranged overdraft charges in these circumstances, these would be used to reduce the overdrawn balance of Mr N's bank account. Halifax explained it wouldn't transfer the refund to another account.

Mr N wasn't happy with Halifax's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint.

The investigator says Halifax have the right to use the refund to reduce the balance of Mr N's debt with them and this is covered under the terms and conditions of the account. The investigator says the refund was made up of bank charges which were part of the outstanding overdrawn balance, so these wouldn't be due to Mr N.

Mr N didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn of Mr N's financial situation and can see this must be a difficult time for him.

The first thing to say here is Halifax have accepted it lent irresponsibly to Mr N and agreed to refund the overdraft charges as a result, so when looking at this complaint I will only consider if it acted fairly when it used the refund of those charges to reduce Mr N's borrowing with them.

Mr N's complaint centres around the fact Halifax, having agreed to refund £1,999.65 of overdraft charges, used these monies to reduce his outstanding borrowing with them and

removed his overdraft facility at the same time. Mr N feels he should be allowed access to that refund.

While I understand the point Mr N makes, I'm not persuaded by his argument. I say this because firstly, once Halifax had accepted it had lent monies to Mr N irresponsibly, it wouldn't be correct of it to continue lending to him and therefore it was reasonable of them to remove any borrowing facilities in place. Here Halifax wrote to Mr N in mid May 2023 giving him 30 days-notice of this, although it would be entitled in any event to remove the overdraft facility without notice, as it was repayable on demand.

As far as the refund is concerned, in these circumstances given Mr N's indebtedness, I would expect this type of refund to be used in permanent reduction of any borrowing Mr N had at that time. With that in mind, given these related to overdraft charges relating to Mr N's bank account with Halifax, I am satisfied it acted correctly here when it used the refund to reduce his overdrawn balance.

While Mr N will be disappointed with my decision, I won't be asking anymore of Halifax here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 13 February 2024.

Barry White  
**Ombudsman**