

## **The complaint**

Mr F and Mrs S complain that an arrangement they set up for their overdraft facility on their joint account with Bank of Scotland plc trading as Halifax ("Halifax") has impacted their credit file. They say it wasn't made clear to them when the arrangement was set up that this would happen.

## **What happened**

Mr F and Mrs S held a joint account with an overdraft facility with Halifax. Following an email offer of support received by Mr F and Mrs S regarding their overdraft Mrs S arranged for a plan online to temporarily freeze overdraft charges on their joint account on 14 June 2022.

Mrs S accepted the terms and conditions to set the plan up and Halifax confirmed this in writing by letter to both parties on the same day. The letter outlined the plan would end on 12 September 2022 and provided information regarding the impact this would have on their credit files and other support Halifax offers.

Mr F and Mrs S complained to Halifax that they didn't know the impact entering the plan would have on their credit file and that it would result in them incurring more costs when trying to port their mortgage.

Halifax says it would've stated to Mr F and Mrs S at the time the plan was entered that the plan may affect their credit file and that there was no bank error.

Mr F and Mrs S were dis-satisfied with this and brought their complaint to this service. One of our adjudicators looked into Mr F and Mrs S's concerns and reached the conclusion that Halifax had made them aware of a plan could have an impact on their credit file and so didn't think Halifax had done anything wrong.

Mr F and Mrs S disagreed and have asked for an ombudsman's 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 considered everything provided, I've decided not to uphold Mr F and Mrs S's complaint.

My role is to look at the problems a consumer has experienced and see if the business has done anything wrong. If it has, I would seek – if possible - to put the consumer back in the position they would've been in if the mistakes hadn't happened. And I may award modest compensation that I think is fair and reasonable.

In this case Mrs S contacted Halifax for some help regarding their overdraft. It is not disputed that she entered into a plan with Halifax regarding their overdraft in June 2022. I can see the

plan was confirmed in writing by Halifax at the time and that Mr F and Mrs S were notified when charges resumed on their overdraft again in November.

Mrs S says it wasn't made clear to them when they entered a plan on their overdraft that this would impact their credit file. Halifax have provided a copy of the letter sent to both Mr F and Mrs S.

In the section "Something to think about" in the letter confirming the plan it says:

- As you're experiencing financial difficulty, we have temporarily stopped charging you interest on this account.
- Using an *unarranged* overdraft can affect your credit score and make it harder and more costly for you to borrow money.
- It may also stay on your credit file for 6 years, but the impact on your credit score will reduce if you *stay within your account limit*.
- An *overdraft* is there to help-out when you need to borrow in the short term. But if you use it often and don't reduce your balance, you could pay more in charges than other forms of borrowing.

I accept in the section of the letter outlined above it made reference to unarranged overdrafts, but it also made reference to staying within your limit – something that doesn't apply to unarranged overdrafts – and overdrafts in general. So I don't think the information regarding the impact on credit score was just related to unarranged overdrafts. Ultimately Mr F and Mrs S are responsible for the management of their account and I think it would be reasonable to assume that any plan entered into regarding their overdraft would be reflected on their credit file.

Halifax has a duty to make sure the information it reports on its customers affairs to the credit reference agencies it subscribes to is factually accurate. And from what I've seen from Mr F and Mrs S's credit files it shows that for a few months they were in an arrangement regarding their overdraft – which is an accurate reflection of what happened.

I accept that Mr F and Mrs S would've liked to have more information on how entering the plan would affect their credit file – but without access to all the information on Mr F and Mrs S's financial affairs or commercially sensitive information around how businesses view this, this is not possible. And I can't say that knowing this information in advance would've made a material difference to what was reported on their credit file as clearly Mr F and Mrs S were having some financial difficulties with their overdraft – as that is why they entered into a plan.

So overall and having considered everything I don't think Halifax did anything wrong. If offered Mr F and Mrs S assistance with their overdraft, they took up the offer of help, they were told this may affect their credit score and the information regarding the plan was reported on their credit files. So it follows I do not uphold this complaint.

### **My final decision**

For the reasons I've explained I've decided not to uphold Mr F and Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs S to accept or reject my decision before 11 August 2023.

Caroline Davies  
**Ombudsman**