

## **The complaint**

Miss D complains that The Royal Bank of Scotland Plc (“RBS”) sold her overdraft onto a debt management company when she had a repayment arrangement. The debt management company then reported a default on her credit file, which she’d been previously told would be removed.

## **What happened**

Miss D had an overdraft debt on her current account with RBS. A previous ombudsman’s decision that was issued in August 2016 considered the service Miss D had received in relation to this current account when it was frozen. That decision concluded that RBS should remove the record of the default on Miss D’s account, subject to her entering into an arrangement to repay the overdraft debt.

Miss D and RBS came to an arrangement that she would pay £10 a month towards the debt, and RBS removed the record of the default from Miss D’s credit record.

However, in 2018, RBS sold on the remaining debt to a debt purchaser. This resulted in the default automatically re-reporting on Miss D’s credit record.

RBS apologised for the stress and inconvenience Miss D was caused. It said that it should’ve told the debt purchaser that Miss D’s account should not be defaulted providing she kept to the payment arrangement.

But it has since contacted this company and arranged for the default to be removed. It offered to pay Miss D £100 for the upset this had caused.

One of our investigators looked into the complaint and said she thought RBS had done enough to put things right. She said RBS had asked the debt purchaser to remove the default, and she felt its offer of £100 was fair and reasonable to acknowledge what had happened.

Miss D didn’t accept the investigator’s findings. She said she’d been trying to rebuild her credit over the past two years and hadn’t missed a repayment. But this had left her feeling that she was back to where she had been previously through no fault of her own. She didn’t feel the £100 recognised the error RBS has made, as this had happened to her before. She said she’d registered with a different company for access to her credit record, and then realised the default was showing again. This had meant she was turned down for credit she’d applied for.

## **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 can understand Miss D's strength of feeling about what's happened, particularly as I can see that she'd thought the situation had been resolved following the outcome of the previous ombudsman's decision. It's clear that it will have been upsetting and frustrating for the reporting of the default to appear again.

My decision here can't address what's already been looked at by our service. So although I fully appreciate how the issues Miss D has now experienced are linked to RBS's earlier actions through the way that complaint was resolved, I can only consider the current complaint aspects about the re-reporting following on from RBS's sale of the debt.

This happened because RBS sold on the debt onto a third party in mid 2018. RBS said that Miss D's account had been rightfully defaulted, but it made a manual amendment to its credit file reporting as a result of our final decision. It said its systems showed the correct status of the account was that it was in default and this is how the debt purchaser then reported it.

But RBS has acknowledged that it should've told the third party of the agreement to not show the account as defaulted as long as Miss D was keeping to the payment arrangement. It has since done this, and I understand that the status has now been corrected.

I don't think that RBS acted wrongly when it decided to sell on the debt, as this was something it was entitled to do. The previous ombudsman's decision made no reference to any impact of it on RBS's commercial decision or ability to take this action. So while I can understand why Miss D has disagreed with RBS being able to sell on the debt, I don't think this breached the direction of the previous decision.

Miss D didn't become aware that the default was showing again until mid 2019. She's said this was when she used a different company to view her credit file and has told us that she was turned down for credit facilities in January 2019. So I appreciate that this will have caused her concern.

Once it was aware of what had happened RBS took steps to put things right for Miss D. It wouldn't have necessarily known what the third party company would've been reporting for the debt; and wouldn't have had access to view the information on Miss D's credit file. But it would've been aware that it had needed to make manual changes to its own reporting which was information that should've been passed on to the third party company.

However, the third party company is separate to RBS. RBS has no control over what information that company does report and can only give it the information about Miss D's debt and ask it to amend the reporting now that it is the owner of it.

And I understand that Miss D has been in contact with the third party company and it has agreed to look into the matter of why the default is reporting.

For this mistake, RBS has offered Miss D £100 by way of an apology. I acknowledge that she doesn't consider this to be fair because of the earlier reporting that was the subject of the previous ombudsman's decision. And that decision awarded Miss D compensation of £200.

I do appreciate how this matter has impacted upon Miss D and her desire to rebuild her credit rating to help with her future plans. And I'm sorry that she's found these difficulties in putting back her credit record to the status that it was in before RBS sold on her debt.

But, taking everything into account, I think RBS has responded to her complaint positively and has taken action to put the matter right as soon as it was made aware of the problem. I

can see that it has requested that the third party company make the changes to remove the default a number of times; and there seems to be little more that is within its capacity to do.

Miss D has told us that she has had some credit facilities turned down, and has provided evidence of this; but I don't think I can say with any certainty that this is directly because of RBS's sale of her debt onto the third party and its reporting, when there are a number of factors that a prospective lender may take into account in deciding whether to offer credit to someone.

It's because of this that I think the £100 RBS offered, along with its apology and action to contact the new owner of the debt, represents a fair and reasonable resolution to Miss D's complaint.

### **My final decision**

My decision is that The Royal Bank of Scotland Plc should pay Miss D £100, as it has already offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 27 May 2020.

Cathy Bovan  
**Ombudsman**