Financial Ombudsman Service

## The complaint

Mr and Mrs A say they were put under pressure to reduce the debt on their The One Account mortgage with The Royal Bank of Scotland Plc in 2013. They say this caused them financial difficulties until they were able to remortgage elsewhere in 2018.

## What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving my reasons for my decision.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

## 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 agree with the conclusions reached by the investigator for the following reasons.

Mr and Mrs A took out this mortgage in 2001. They opted to take it on a repayment basis, which means Mr and Mrs A should have been leaving enough in the account each month so that the balance would reduce. "*As you have decided to repay your One account borrowing each month over the next 20 years your planned balance should reduce every month.*"

Instead, throughout the life of the account Mr and Mrs A were frequently up to the facility limit. The review in December 2012 showed the outstanding balance was £118,494 against the £89,829 it should have been at that point if the mortgage was on track to be repaid in 2026 (which was the contractual end date). That means Mr and Mrs A were around £28,600 behind plan.

In June 2013 Mr and Mrs A were around £30,600 behind plan; they had an oustanding balance of £117,946 against a planned balance of £87,282.

As the situation was worsening RBS contacted Mr and Mrs A to discuss matters, and the account was set so each year the available facility would be reduced so Mr and Mrs A didn't find themselves at the end of the term with an oustanding debt of over £100,000 and no way to repay it.

Mr and Mrs A have said their difficulties came about due to redundancy in late 2008 / early 2009 but that isn't supported by the evidence. From the time the One account had been taken out Mr and Mrs A had requested and received an increased borrowing facility on more than one occasion, and the statements we have on file don't show any notable decrease in the amount owed, other than in the six months *after* Mrs A's redundancy; that is, in December 2008 Mr and Mrs A owed £117,987 but by June 2009 that had decreased to

£112,334. Unfortunately their debt then increased again over the years until RBS put the reducing limit annual reviews in place in 2013.

In 2008 Mrs A's net income that was paid into the account was around £17,340, whereas in 2009 Mrs A had around £21,640 paid in; an increase of £4,300. So whilst Mrs A was made redundant in December 2008 / January 2009 she had a higher net income in the year after redundancy than she did in the year before.

Mrs A has said she took a £10,000 paycut but having reviewed the transactions that doesn't seem right. In October and November 2008 her net monthly income credited to the account was £1,340 (albeit she was paid four-weekly, so there would be 13 payments in a year rather than 12). She started her new job in April 2009 and her monthly income for that was £1,240; so about £2,500 less net a year. But by December 2009 she'd received a payrise that took her net income to around £1,420 a month; so an almost idential net annual salary to the job she'd been made redunandant from. Once the lump sums Mrs A received were added on, as I said she received over £4,000 more in the year after redunancy. In that time Mr A's income remained fairly static.

Having considered everything I can't see how Mrs A's redundancy caused any financial difficulties in itself as the figures just don't support that, instead it seems more a case that for the seven years the account had been running up to that point the debt had been increasing, rather than decreasing. In that context I can see why RBS felt Mr and Mrs A may have needed a more rigid plan to repay their debt by the end of the term.

Whilst I can understand how unwelcome Mr and Mrs A may have found it having RBS reduce their facility limit I think it was well-intentioned. There was a very real risk that Mr and Mrs A would still owe a substantial sum at the end of the term based on how the account had been running until that point. Whilst Mr and Mrs A have referred to this being two facility decreases, in reality it was only one. That's because the 2013 decrease was only £1; taking the facility limit from £120,000 to £119,999. The 2014 decrease took the facility limit down to £112,546, so in a full two-year period that was only a £7,454 decrease needed in the amount owed.

In 2015 RBS asked Mr and Mrs A if they wanted to continue with the facility decreases, and when they said they didn't want to they were cancelled and the account facility was left at the limit it was at.

Mr and Mrs A have said they built up £20,000 in credit card debts due to the facility decreases which they were only able to pay off when they remortgaged in 2018. Unfortunately they were unable to provide credit card statements to show that debt had built up due to putting their day-to-day living expenses on the cards between 2013 and 2015.

After the facility decreases were cancelled in 2015 the account balance continued to fall significantly, which indicates those reductions were affordable and a choice. In December 2015 Mr and Mrs A had a facility limit of £112,546 and an outstanding balance of £100,414. That means they had £12,132 to draw down if they wanted to.

By December 2016 they'd paid a large amount off their mortgage, with the debt being down to £86,989. Mr and Mrs A have said £5,000 of that was a loan from their parents to help reduce the balance so they could apply for a remortgage and that loan had to be paid back, but even if that was the case that still left over £8,000 Mr and Mrs D had paid off the debt in a year which could have gone towards paying what I would assume were higher interest-bearing credit cards.

We're not the regulator so it isn't our place to fine or punish a business. We investigate if something has gone wrong and, if something has gone wrong, what needs to be done to put right any financial loss arising from that. Mr and Mrs A haven't been able to prove any financial loss from the facility reductions, so there's nothing for me to order RBS to do to put things right even if I did think it had done something wrong.

I understand from some recent communications that RBS has offered £200 compensation to Mr and Mrs A in recognition of any distress and inconvenience caused. All things considered I'm satisifed that's a fair offer and I wouldn't have ordered any more.

## My final decision

I don't uphold this complaint in the sense I consider the £200 offer already made to be fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 27 April 2021.
Julia Meadows
**Ombudsman**