

The complaint

Mr B complained that his loan was transferred to a debt collection agency by The Royal Bank of Scotland Plc (RBS).

What happened

RBS wrote to Mr and Mrs B in June 2019 to say they didn't want to provide banking facilities to them. There were several current accounts and a loan. The current accounts were closed. The loan – in the name of Mr B - was transferred to a debt collection agency.

Mr B complained that the letter he received in June 2019 didn't say that the loan had to be transferred. He had never missed a payment. He wanted to leave it with RBS and make payments to it from his new bank.

RBS wrote to Mr B in September 2019. They said that the letter sent to Mr B in June 2019 stated that all monies owing to the bank should be repaid within 60 days. Mr B's loan had been passed to a debt collection agency and he would have to make repayments to them.

Mr B complained to this service in February 2020. Our investigator looked at what had happened. In April 2020, she said that RBS had transferred the loan back from the debt collection agency. Payments to it were being made from his new bank. So, Mr B agreed to drop the complaint.

In June 2020, Mr B was told by RBS that his loan had been transferred back to the debt collection agency. So, he complained to this service again. RBS wrote to Mr B in June 2020. They said that they'd taken back the loan while Mr B's original complaint was with the financial ombudsman service. They said that this service had said that RBS could transfer the loan – and therefore it had been sent back to the debt collection agency.

Mr B's complaint was passed to an ombudsman to review.

I reached a provisional decision which said:

From the time that RBS wrote to Mr B in June 2019, he maintained that as far as he was concerned, the letter asking him to close his accounts didn't specify his loan account. He wanted to leave it with RBS and make payments to it from his new bank. In their letter dated September 2019, RBS said their closure letter in June 2019 said that all money owing to them should be repaid within 60 days – so they were relying on that. So, when the loan wasn't repaid, it was passed to a debt collection agency.

I've looked the letter sent to Mr B in June 2019. In the heading it lists four accounts. The loan account (number ending 2128) isn't shown. It says *"We formally demand repayment of any funds owed to the Bank at the end of 60 days from the date of this letter, failing which the Bank will follow its normal debt recovery procedures"*. But - the letter goes on to say *"With regard to your personal/business loan/mortgage, we strongly recommend that you give serious consideration to transferring this borrowing to another lender. If your borrowing remains with The Royal Bank of Scotland Group plc, you are still liable to fund this facility by*

making the agreed weekly/monthly/other repayments for the full period of the borrowing as stipulated, within the Terms and Conditions/Loan agreement. The following repayment methods are acceptable:

- 1. You could set up a weekly/monthly/other Standing Order or Direct Debit from an account outside of The Royal Bank of Scotland Group plc; or alternatively*
- 2. By weekly/monthly/other credit to your personal/business loan/mortgage account ensuring that each instalment is received in advance of the agreed repayment date. These can be paid using:*
 - a debit or credit card from a provider outside of The Royal Bank of Scotland Group plc*
 - by cheque or cash credit to your account at any branch of The Royal Bank of Scotland plc."*

So, it seems to me the letter gave Mr B the option to leave his loan with RBS – as long as he paid the instalments. Which he has.

In its letter to Mr B dated June 2020, RBS said that this service said in April 2020 that it agreed that they could transfer Mr B's loan to a debt collection agency – I've reviewed what the investigator said to both RBS and Mr B – and this was not the case. It was simply that Mr B had agreed to drop his complaint as the loan was back with RBS.

The letter sent to Mr and Mrs B in June 2019 wasn't specific in asking for the loan to be repaid – and in fact, gave them the option of leaving it with RBS. So, my provisional decision is that RBS should take back the loan from the debt collection agency. And it follows that if any adverse information has been reported to the credit reference agencies in connection with this, it should be removed.

We received no comments from either Mr and Mrs B nor RBS.

So – I now need to make 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.

As we received no comments from either RBS nor Mr and Mrs B, I won't be departing from what I said in my provisional decision for the reasons I gave in it. So, my final decision is that RBS should do what I've suggested here.

My final decision

My final decision is that I uphold this complaint.

The Royal Bank of Scotland Plc must transfer the loan debt back from the debt collection agency. And remove any adverse information reported to credit reference agencies in connection with the transfer of the loan to the debt collection agency.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 5 April 2021.

Martin Lord
Ombudsman