

The complaint

Mr W complains that in 2018 Clydesdale Bank Plc trading as Yorkshire Bank failed to recall a debt on his account that it had sold to a debt management company. He says as a result a CCJ was registered against his credit file for longer than it should have been and he'd now like to be compensated for the bank's failure to deal with this in 2018 and the impact this has had on him.

What happened

Mr W had an account with Yorkshire Bank that got into arrears. In October 2013 Yorkshire Bank wrote to Mr W to confirm that it had sold the account to a debt management company the previous month. In August 2014 the debt management company obtained a CCJ against Mr W.

In December 2014 Mr W complained to Yorkshire Bank about the charges that had been applied to his account and saying that he didn't feel the account had been suitable and shouldn't have been offered to him. Yorkshire Bank dismissed this complaint in 2015 but in 2018 it undertook a review of a number of complaints, including Mr W's, and changed its view. It wrote to Mr W to say it agreed that the account wasn't suitable so it now planned to refund the charges he'd paid together with interest. This amounted to £693.74 which was paid to Mr W in 2018.

In 2020 however Mr W complained that when it upheld his complaint in 2018, Yorkshire Bank hadn't arranged to recall his account from the debt management company or cancel the CCJ against him. He said this had had a significant impact on his credit record and his ability to obtain credit elsewhere. He felt Yorkshire Bank hadn't taken this into account when it had made the payment in 2018. The money it had paid at that time was only a refund of the charges he'd already paid plus interest but didn't take into account the inconvenience or upset he'd had or the impact it had had on his credit file.

Yorkshire Bank agreed that it should have recalled Mr W's account from the debt management company in 2018 but hadn't done so due to an error in its internal communication. It also agreed that if the account hadn't been mis-sold originally then there wouldn't have been an outstanding balance to sell on. However, it said it had now discharged the debt and was arranging to cancel the CCJ. It sent Mr W a further £250 for his upset and inconvenience.

Mr W didn't feel this was enough for the time he'd had the CCJ registered against him or the impact this had had so he complained to this service. Our investigator reviewed the complaint but felt that Yorkshire Bank had dealt with the complaint fairly. He said that when Yorkshire Bank sold on the debt it wasn't aware of a complaint from Mr W or what would happen between Mr W and the debt management company. So, he didn't feel that Yorkshire Bank was responsible for the fact a CCJ had been registered or for the impact this had had on Mr W. Instead he'd looked at what Yorkshire Bank had done and the steps it had taken to put matters right.

He'd reviewed Mr W's credit file and could see that there were a number of other entries both before and after the CCJ that would have affected his credit score so he couldn't say that the CCJ was the only reason he'd had problems in obtaining credit. But it was clear Yorkshire Bank should have cancelled the debt and the CCJ in 2018 when it upheld Mr W's complaint and it hadn't done so. It had now put that in hand and had repaid the outstanding debt with the debt management company. Taking that into account he felt that the additional £250 compensation it had paid was reasonable.

Mr W didn't agree and asked for his complaint to be referred to an ombudsman. He said in summary:

- He hadn't realised until 2020 that there was a CCJ recorded against him and when he did, he'd complained to Yorkshire Bank. It was at that point he'd realised Yorkshire Bank hadn't sorted out his account with the debt management company in 2018 as it should have done.
- Yorkshire Bank had admitted that if it hadn't mis-sold the account to him there wouldn't have been a debt to sell on, so he considered it was responsible for the fact there'd been a CCJ against him for over 4 years.
- The CCJ had had a negative impact on his credit file with the result he'd had to take out loans at a higher rate than would otherwise have been the case.
- The payment in 2018 was a refund of the charges he'd paid not compensation and shouldn't be taken into account.
- He didn't feel £250 was sufficient for the impact this had had on him for the past 5 years.

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 asking Yorkshire Bank to do anything more as I'll now explain. As there are a number of issues, I'll deal with each in turn.

Sale of debt to debt management company

When Mr W's account got into arrears, Yorkshire Bank sold it on to a debt management company. I've seen that Yorkshire Bank now says it shouldn't have done this because, if it wasn't for the charges, there wouldn't have been a debt to sell. But it seems to me that's said with the benefit of hindsight. That's because, at the time the account was sold on, Yorkshire Bank wasn't aware of Mr W's complaint about the charges so it had no reason to think it shouldn't be sold on, in line with its policy at the time. And once the account was sold, Yorkshire Bank had no control over what happened to that debt and couldn't reasonably have known that it would result in a CCJ. For that reason, I don't consider the decision to sell on the account in 2013 was unreasonable.

2015 complaint

In 2015 Mr W complain to Yorkshire Bank about the account charges. Yorkshire Bank dismissed the complaint and in its letter, it gave Mr W the details of how he could bring his complaint to this service if he remained unhappy. Mr W didn't do so.

I've seen Mr W says he wasn't aware of the CCJ at this time so he had no reason to complain further. It's not clear why Mr W hadn't received any communication from the debt

management company before it registered the CCH in August 2014 but I can't reasonably say Yorkshire Bank was responsible for that. And because Mr W didn't bring his complaint to us within 6 months of the date of the final response from the bank, those issues are now out of time and I can't look into that further at this point. For that reason, I think it's reasonable to look at Yorkshire Bank's actions from 2018 when it reviewed Mr W's complaint rather than from 2015.

Failure to recall the debt or amend Mr W's credit file in 2018

In 2018 Yorkshire Bank undertook its own review of a number of complaints, including Mr W's. Having done so it decided that the account had been mis-sold to Mr W and it agreed to refund him £694.74 made up of a refund of £492.21 for the charges he'd paid plus interest of £201.53.

Yorkshire Bank paid the money direct to Mr W. But it didn't discharge the debt that was still outstanding with the debt management company or recall Mr W's account. If it had its probable it would have realised that there was now a CCJ against Mr W and that this also needed to be discharged. It didn't do so and for that reason the debt wasn't repaid and the CCJ remained in place on Mr W's credit file for longer than it should have done. I can understand why Mr W feels so unhappy at what's happened and that it was avoidable.

What I'm doing to put matters right

Mr W's explained very clearly why he feels the steps already taken by Yorkshire Bank are insufficient. In particular he says the payments don't take it into account the time the CCJ was registered or the impact this has had on him and his ability to obtain credit elsewhere. He notes that the money paid in 2018 wasn't compensation but a refund of charges so should be ignored.

I've taken this into account and I'd agree that the CCJ should have been removed in 2018 and that it was a mistake of Yorkshire Bank not to have done so. Having said that I have to look at the impact of what's happened and whether this was caused by this mistake or by other causes.

I can see Mr W feels the CCJ has had a significant impact on his credit file. It's reasonable to think it will have had an impact but looking at Mr W's credit file, I can see that there are a number of other entries that would also have had an impact, including Mr W's use of high cost loans. And that some of these pre-dated the CCJ in 2014. For that reason, I can't reasonably say that the CCJ in August 2014 was the only reason Mr W's credit score wasn't as good as it could have been at this time. And because it wasn't aware of the CCJ at this time or when Mr W complained in 2015 I don't consider there was more it could have done at this time.

I've also looked at what Yorkshire Bank has paid to date. In 2018 it agreed to refund the account charges Mr W had paid and to pay interest on that. As Mr W says this was a refund not compensation and if that was all Yorkshire Bank had done, I'd agree that it wasn't sufficient as it hadn't taken into account the impact on Mr W. But when Mr W complained in 2020, Yorkshire Bank recalled the account and discharged the CCJ. And to do that it had to pay off the amount still outstanding on Mr W's account. I don't have the precise figure it paid but I've seen the amount outstanding in 2014 was £492.21. Mr W says he hasn't had any contact with the debt management company since then so its reasonable to think this was the minimum still outstanding.

That was money that Mr W was still liable to pay to the debt management company so it's fair to say Mr W has had the benefit of this payment. And for that reason, I think it's only fair

to take this into account when looking at the compensation overall together with the previous refund in 2018. Having done so, I consider that the additional £250 compensation paid by Yorkshire Bank is reasonable.

I realise Mr W may feel disappointed by my decision but, for the reasons set out above, I consider that Yorkshire Bank has taken reasonable steps to resolve this complaint and to compensate Mr W for the inconvenience and upset he's had. In the circumstances I won't be asking it to pay anything more.

My final decision

My final decision is that I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 June 2021.

Cerys Jones
Ombudsman