

## **The complaint**

Miss J says she only repaid her The One Account with The Royal Bank of Scotland Plc by selling her property in 2014 due to conversations she'd had with the bank. She said she couldn't meet the facility reductions that RBS was asking for so she sold the house, redeeming the mortgage.

Whilst the mortgage and property were in joint names, we've agreed – due to the circumstances – to deal with this complaint in Miss J's sole name. I'll refer to Miss J's ex-partner as Mr Z.

The background to this complaint is well known to both parties so I won't repeat it again here.

## **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.

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.

Miss J and Mr Z took out this mortgage in 2002. They opted to take it on a repayment basis, which means Miss J and Mr Z should have been leaving enough in the account each month so that the balance would reduce.

Instead, throughout the life of the account Miss J and Mr Z were frequently up to the facility limit, which was £100,000. The annual review in December 2011 showed the outstanding balance was £98,777 against the £78,284 it should have been at that point if the loan was on track to be repaid in 2027 (which was the contract Miss J and Mr Z had entered into).

Due to the fact Miss J and Mr Z were over £20,000 behind plan at that point, RBS wrote to them in 2012 and Miss J made contact with RBS. It was agreed that RBS would reduce the facility limit by £1 in June 2012, to £99,999. In June 2013 the limit was further reduced to £95,290. In November 2014 Miss J and Mr Z sold the house and repaid the borrowing in full, and the account was closed.

Miss J spoke to RBS in May 2012 to say that the reduction wasn't affordable. It was agreed that the reduction would be just £1 that year, but thereafter there would be an annual reduction. A letter was sent to confirm that, and that the next reduction would be down to £95,290 in June 2013. The letter included a revised repayment plan, which explained that Miss J and Mr Z needed to repay their account gradually over the next 14 years and 9 months and that the balance should decrease as they progressed towards their repayment date. It also indicated what the decreasing balance should be after years 1, 5 and 10.

I'm mindful that RBS had told Miss J and Mr Z about its plan to reduce the facility each time a year before it took place and it sent them a reminder letter, so I'm satisfied they were given

adequate time to explore any other options that may have been available to them.

But that's not the end of it. I also need to consider whether RBS treated Miss J fairly, and whether she was put under undue pressure by RBS to agree to the reductions each year.

I understand that Miss J ended up borrowing money from friends and family to reduce her borrowing as well as paying £4,000 from her credit card. She also put the property on the market and says she rushed to sell it because she was worried about repossession.

As our investigator explained, RBS has already offered to cover the monetary impact of the credit card transaction (that is, the interest), however we wouldn't expect it to replace the capital balance as that sum came off the mortgage balance so led to a lower amount being owed when the property was sold. In addition we can't redress any informal arrangements Miss J entered into with her friends and family. That seems a fair resolution for that part of the complaint.

Miss J says that RBS's actions and handling of the account resulted in her feeling forced to sell the property – which she and Mr Z did in November 2014. She said this meant she lost her business as it was based at her home.

Miss J has said:

*"The house would have been marketed to sell at the higher price and we would not have been forced to reduce the price simply to sell within the time frame put on us by Virgin One." And;*

*"I would have had more time to find a suitable property to continue my business or would have looked to start another business to ensure security for myself and my daughter who was still dependent on myself before even considering put the house on the market."*

I can see that the property was put on the market in October 2013 and a sale didn't complete until November 2014 so I don't agree that Miss J and Mr Z were forced to reduce the price simply to sell within the time frame given to them by RBS. A year doesn't indicate a rushed sale at undervalue, and generally a house will sell for what it is worth in that time frame. There's nothing to indicate a higher offer would have been available *but for* the actions of RBS. It also seems that year gave Miss J time to find a suitable property to continue her business, or start a new business.

Miss J has said that she didn't want to sell the house, and she believed she could have lived there until the end of the term, selling the property at that point to repay the debt. But we simply can't know that. I can't disclose the conversations Mr Z had with RBS as he isn't party to this complaint and so we don't have his authority to disclose that information, but I think it is fair to say that Mr Z may not have been in agreement with that.

I can see that Miss J discussed selling the property with RBS in August 2004 as she wanted a property in her sole name, but unfortunately her income was too low to obtain the mortgage she needed. And Miss J herself told RBS in May 2012 that she expected to hear from Mr Z about the property when their child turned 18, which would be in late 2013.

All things considered, I'm not persuaded that it is more likely than not that Miss J would have remained in the property for the remainder of the term *but for* RBS reducing the facility limit. To explain; when considering any complaint like this, as Miss J is the one bringing the complaint against RBS, to uphold the complaint Miss J's version needs to be *more likely* than RBS's version; not *just as likely*. Having considered everything I can't say Miss J's version is anything more than *just as likely*, which isn't enough for me to uphold her

complaint.

It therefore follows that I don't think RBS is responsible for any loss in sales price achieved due to the timing of the sale, any sale costs or any other consequential matters (such as rent until Miss J found a new property to buy or the loss of Miss J's business).

Our investigator felt RBS should pay £1,000 for the distress and inconvenience caused due to RBS still taking action whilst the property was on the market. Having considered everything I agree with her. It must have been an incredibly difficult time for Miss J as she needed to sell her property, and against that backdrop RBS seemed to be pushing ahead with action. However I must also keep in mind that the property taking a year to sell doesn't indicate it could have sold for more, and my earlier findings about the fact I wasn't persuaded – on balance – that it was likely Miss J could have remained in the property long term, *but for* RBS reducing the facility limit. All things considered I'm satisfied £1000 compensation is fair and reasonable.

### **My final decision**

I uphold this complaint in part and order The Royal Bank of Scotland Plc to:

- Pay Miss J £596.99 to cover the difference in interest she incurred between the date the payment was made and the date the mortgage was redeemed on the £4,000 she put on her credit card against the debt on the mortgage.
- RBS should add simple annual interest of 8%\* to that sum, running from 19 November 2014 to the date of settlement;
- Pay Miss J £1,000 compensation.

*If RBS considers it should deduct income tax from the 8% interest element of my award it may do so but it should give Miss J the necessary paperwork, if she asks for it, so she can reclaim any tax from HMRC if she's entitled to do so.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 27 January 2022.

Julia Meadows

**Ombudsman**