

Complaint

Miss M has complained about Bank of Scotland Plc's ("BOS") decision to withdraw her overdraft. She doesn't think that BOS should have removed the facility.

Background

Miss M also complained about matters relating to her mortgage. But another ombudsman has looked at that complaint and issued a final decision. So notwithstanding the fact that Miss M considers that her overdraft and mortgage complaints are inextricably linked, this decision is only looking at BOS' actions in relation to withdrawing her overdraft.

One of our investigators looked at Miss M's complaint. While he thought that some of the messaging in branch could have been clearer, BOS was entitled to withdraw the overdraft when it did and therefore it hadn't treated Miss M unfairly. Miss M disagreed and asked for an ombudsman's decision.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered everything provided, I'm not upholding Miss M's complaint. I'll explain the reasons for my decision.

It isn't in dispute that Miss M got in contact with BOS and made it aware she was in financial difficulty in July 2019. And once a lender is told that a borrower is experiencing financial difficulties we would expect it to exercise forbearance and due consideration, in line with its regulatory obligations. Ultimately, we'd expect a lender to listen to a borrower, get an understanding of their circumstances and then assess the most appropriate way to move forward.

As a result of its conversations with Miss M, BOS agreed to stop adding interest, fees and charges to her overdraft and also put her on a reducing repayment plan. This was to provide some breathing space while more appropriate longer-term options were explored. The reducing plan couldn't be a long-term solution in itself because it wasn't reducing the overdraft enough to repay it within a reasonable period of time. In October 2019, BOS placed a further temporary freeze on interest being added. But as Miss M wasn't able to reduce the overdraft by enough to repay it within a reasonable period of time, BOS decided to begin corrective action in relation to the overdraft and withdrew it.

I know Miss M says that she was misled by BOS and that she wouldn't have agreed to any repayment plans had it been made clearer to her that her overdraft would be withdrawn. I do sympathise with what Miss M has told us. I fully appreciate she's gone through a difficult time and understand why she's unhappy with adverse information being recorded on her credit file and worried about the impact this will have on her.

But Miss M's account conduct suggested that her difficulties weren't temporary. And I don't think it would have been fair, reasonable or proportionate to continue ignoring Miss M's obvious and apparent difficulty, or the fact that the overdraft had become demonstrably unsustainable for her, indefinitely. So even if Miss M hadn't agreed to a repayment plan or wanted BOS to withdraw the overdraft, I would have, in any event, expected BOS to have begun the process of taking corrective action in relation to the facility anyway.

After all while withdrawing a facility and recording a default or other adverse information, might be viewed negatively by other lenders, it does offer the borrower certain protections in relation to the overdraft debt. And asking BOS to reinstate the overdraft here when it seems unlikely Miss M will be able to repay this debt in line with the initial arrangements, would arguably be counterproductive and not in Miss M's interests or that of any future lender.

Bearing in mind the above, I'm satisfied that it was fair and reasonable for BOS to begin the process of taking corrective action in relation to Miss M's overdraft when it did and issue a formal demand notice, offering Miss M the opportunity bring his account up-to-date before it would take any action. As this is the case and Miss M didn't, or wasn't able to, take steps to comply with the formal demand for payment, I'm satisfied that BOS was entitled to withdraw Miss M's overdraft.

So having considered everything, while I appreciate there may have been some miscommunication in branch, overall, I don't think that BOS treated Miss M unfairly or unreasonably. And this means that I'm not upholding this complaint. I appreciate that this will be very disappointing for Miss M. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 28 September 2021.

Jeshen Narayanan
Ombudsman