

## The complaint

Mr I complains that The Royal Bank of Scotland Plc re-instated his credit card in error.

## What happened

RBS wrote to Mr I to let him know they were cancelling his credit card as they'd identified him as being in what's known as "persistent debt". They said if he paid the card balance in full it would be reinstated, or if he couldn't repay it then they would set up a repayment plan. Mr I paid his card balance in full so RBS reinstated his card and he began to use it again. RBS then incorrectly increased his credit limit on the card and then cancelled the card again. Mr I didn't think this was fair and complained.

RBS reviewed the complaint and upheld it. They said the account had been reopened incorrectly and they were now unable to reopen it again. To apologise RBS offered Mr I £100 compensation. Mr I didn't think this was fair and referred his complaint here. He said he'd only spent on the card as RBS told him he could, he therefore asked to RBS to waive the card balance, he also said the issue was causing problems with his credit file.

Our investigator looked into the complaint and recommended it be upheld. She said that as RBS had confirmed it had incorrectly reopened the account then they should waive the interest and fees on the balance and remove any adverse markers from Mr I's credit file, which related to the second closure.

RBS didn't agree, they explained that what they'd meant is when the card was reopened, they hadn't followed the right process when reopening it. This meant the account closed again and wasn't possible to be reopened. Our investigator didn't think this changed their opinion on the complaint, and as RBS didn't agree the complaint has come to me to decide.

I issued a provisional decision on this complaint on 1 August 2022 where I said:

*"The persistent debt process with RBS said if Mr I repaid his balance within a certain period of time then the card would remain open for him to use as normal. Mr I did this but when processing this reopen RBS didn't do it correctly which meant the card then closed again and isn't possible for it to be reopened.*

*I understand Mr I would like the balance written off, but I'm not persuaded that would produce a fair and reasonably outcome for the error RBS have made. I say that because Mr I has had the benefit of that money and I can see the balance is in the thousands. However, I'm also not satisfied £100 is fair compensation either.*

*If RBS had done what it was supposed to and not incorrectly closed Mr I's account for the second time, then he would still have use of the card and also be responsible to the balance and any interest and fees that accrue. However due to RBS's error he likely now has a second incorrect closure record on his credit file, therefore RBS should remove any adverse markers from Mr I's credit file which relate to the second incorrect closure.*

*Mr I also now doesn't have use of that credit card and is likely to find it more difficult to*

*obtain a credit card elsewhere, as he has an outstanding balance on this one. To compensate Mr I for the unnecessary distress and inconvenience RBS have caused, they should pay him £350 compensation. I say this because RBS haven't been clear in the communication with Mr I, they've incorrectly closed his account and he now has the hassle of having to arrange an alternative card. I'm therefore satisfied that £350 is fair and reasonable compensation for this."*

RBS responded and accepted my provisional decision. Mr I responded and didn't accept it. He listed several errors RBS had made which included giving incorrect information, increasing his credit limit, closing his account incorrectly and said because of the errors he felt the whole balance should be waived.

### **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.

I've considered Mr I's points and while I agree RBS have made errors, I would like to assure him I've taken into account all the points he's made when reaching this decision. This includes giving him incorrect information, increasing his credit limit, closing his account incorrectly. And while RBS have made errors, I'm not persuaded it would produce a fair and reasonable outcome to write off the balance of his credit card. I say this because the balance is several thousand pounds and Mr I has had the benefit of this money. When taking all the errors Mr I has listed into consideration and I'm satisfied £350 is fair and reasonable compensation for the unnecessary distress and inconvenience RBS have caused by them.

### **My final decision**

For the reasons explained above, and in my provisional decision, my final decision is that I uphold this complaint. I require The Royal Bank of Scotland Plc to pay Mr I £350 compensation for distress and inconvenience and remove any adverse markers from his credit file which relate to the second account closure.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 21 September 2022.

Alex Newman  
**Ombudsman**