

The complaint

This complaint is about a letter Mrs F received concerning outstanding arrears on a closed mortgage previously held with The Royal Bank of Scotland Plc (“RBS”).

What happened

Mrs F held a mortgage with her ex-husband which has outstanding arrears on it. Mrs F reached an agreement with RBS in 2009 that if she paid her portion of the outstanding arrears, her liability would end, and her credit report would reflect this.

Several years later, around 2017, Mrs F applied for a mortgage elsewhere and it came to light that her credit report had not been updated. This resulted in a third-party lender declining her application and a complaint about this was raised and upheld at the time.

In May 2022, Mrs F received a letter which said there were outstanding arrears on the account and that she was liable for them. Mrs F complained to RBS as the matter should have been resolved in 2009, but she has now had further problems in both 2017 and 2022. Mrs F says this error significantly impacted on her health due to personal circumstances.

RBS looked into Mrs F’s concerns and agreed the letter she received was sent in error – it should only have been sent to her ex-husband. It apologised for its mistake and said that it had provided feedback to the staff members involved to prevent this happening again. It offered Mrs F £150 for the distress and inconvenience caused.

Our investigator looked into Mrs F’s concerns and they didn’t think RBS had done enough to compensate Mrs F for the mistake. They thought RBS should increase its offer of compensation to £300. As Mrs F disagreed, the complaint was passed to me to decide.

I issued a provisional decision on 30 November 2022. Below is an extract of what I said:

“I want to start by acknowledging that Mrs F has provided a detailed account of the personal circumstances that have impacted on her complaint. This includes details of her mental health, including a report from a relevant professional, and her personal account of recent and past life events. I want to assure Mrs F that I’ve considered all of the evidence she and her representative have provided, but I will avoid going into detail about the circumstances as far as possible in this decision. I say this because the level of detail Mrs F’s provided could reduce her anonymity when my final decision is published – following this provisional decision.

RBS has accepted responsibility for sending a letter regarding outstanding debt to Mrs F when it shouldn’t have. So, I don’t think it’s necessary to comment on that further. Instead, I will focus on the impact the error had on Mrs F and whether RBS has done enough to put things right.

To apologise for the error, RBS sent Mrs F £150 for the distress and inconvenience caused. It also said that it had given feedback to the staff involved in the error, as well as informing managers so that further training could be provided. I'm pleased to see that RBS has taken steps to prevent something like this happening again. But Mrs F has not accepted RBS's response and I think it's reasonable she has concerns about the validity of what's been said considering what's happened so far.

Mrs F's debt was settled, and she was removed of all liability over 20 years ago. In addition, Mrs F had to complain a few years ago because RBS hadn't updated her credit report as previously agreed. So, Mrs F has doubts about whether she's going to experience further problems in future. As I've said above, I can see why Mrs F would feel this way after everything that's happened. But, at the same time, I don't think RBS can do much more to confirm there won't be any more errors.

Mrs F has provided evidence that shortly after she received the letter, her mental health was assessed again. It was documented that the letter had increased her anxiety and symptoms related to her post traumatic stress disorder. I can also see that her medication was increased at the same time. The third-party specifically referred to the impact the letter had had on Mrs F. So, it's reasonable to conclude that receiving the letter had a significant impact on Mrs F.

I empathise with Mrs F's circumstances and the impact RBS's error has had on her. But I also need to consider to what extent the error itself was responsible for all of her circumstances and whether RBS could have anticipated that such an error could have the level of impact that it did.

Mrs F has explained that her anxiety was amplified by the fact her circumstances had changed around three months prior. While I appreciate Mrs F thinks RBS is responsible for triggering that, I don't think RBS could have known that her circumstances had recently changed or that its error would have increased the impact on her mental health to the extent that it did. That said, I think RBS would have known, from previous complaints, that an error such as this would more likely than not have a greater impact on Mrs F than it might on other customers.

For these reasons, I think compensation of £500 for the distress and inconvenience, and pain and suffering caused is appropriate in the circumstances. I understand Mrs F may be expecting more compensation than this, but I have factored in that the impact is in relation to one letter sent in error in this case. RBS was able to confirm fairly quickly that the letter was sent in error and that Mrs F's home was not at risk.

I appreciate the significance of the impact on Mrs F's health though, and that is why the award I have recommended is higher than we would usually award in similar circumstances."

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.

Both parties have accepted my provisional findings and no further information was provided. So, I don't have anything further to add to my provisional decision and for the same reasons explained above, I think RBS should increase its award for the distress and inconvenience caused to £500. This takes into account the strain its error put on Mrs F's mental health, and the pain and suffering she has experienced as a result.

Putting things right

The Royal Bank of Scotland Plc should:

- Pay Mrs F £500 in total.

My final decision

For the reasons set out above, I uphold this complaint and direct The Royal Bank of Scotland Plc to put things right by paying Mrs F £500 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 4 January 2023.

Hanna Johnson
Ombudsman