

The complaint

Mr E says Citibank UK Limited continued to send him correspondence for a loan he had settled in 2015.

What happened

In July 2022 Mr E received a letter from Citibank saying he owed £10,434.12. He had received statements ever since he repaid the loan in full on 29 October 2015. Mr E says this has intimidated him and caused stress, anxiety and depression. He wants Citibank to admit the loan is settled and pay £40,000 compensation to recognise the impact of its error on his wellbeing.

When Citibank initially investigated on 29 July 2022 it said the money was owing and no payments had been received since October 2012. Mr E then provided evidence the debt was repaid in full but, rather than acknowledge that, Citibank said it had waived the negative balance and closed Mr E's account. It later wrote on 21 December 2022 confirming the negative balance was due to a system issue. It offered Mr E £150 compensation for the distress and inconvenience this had caused.

Our investigator upheld Mr E's complaint saying Citibank needed to increase the compensation to £250. This was to recognise that Citibank had not only made the error, but it had also not investigated it promptly or accurately.

Unhappy with this assessment Mr E asked for an ombudsman's review. He said compensation of £30,000 would be reasonable given he has suffered immense stress over a number of years. And Citibank has been belligerent in investigating and admitting its massive mistake.

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 find that the investigator's recommendation to increase the compensation to £250 is fair and reasonable. I will explain why.

It is not in dispute that Citibank made a mistake when it wrote to Mr E in July 2022 saying there was an outstanding balance on his loan. And that when it initially investigated this it gave him incorrect information, and then said it was waiving the balance - rather than being clear that it accepted Mr E had repaid the loan in full some time ago.

Mr E argues Citibank must pay compensation in the region of £30,000 as it has caused him stress over a number of years. When we decide compensatory awards we look at the impact of the bank's error, but we also take into account what the complainant has, or could have, done to mitigate the impact of the error.

Citibank has supplied evidence that shows prior to 15 July 2022 Mr E had not contacted it

about this issue. Prior to his call on that date the most recent entry in its contact log is from 23 April 2020 and relates to e-statementing.

Mr E has sent some samples of the statements he was receiving ongoing (dated April 2019 and February 2021) so I do not doubt there was erroneous correspondence. He has plausibly explained he doesn't have any older ones as his email domain provider closed. But we have asked him twice when he first called Citibank about this, and he has not responded to that query. So based on the available evidence I can only conclude that Mr E first called in July 2022. And logically, had the statements created the level of distress he has described I think he would have called Citibank much sooner.

Therefore, whilst I accept the bank made an error that caused Mr E stress, and this was followed by poor investigation, I cannot find any grounds to consider the level of compensation he seeks. In addition, I note Mr E always knew he could evidence that he had repaid the debt in full.

Overall, having considered the actions of both parties I find £250 to be a fair settlement.

Putting things right

Citibank must pay Mr E £250 compensation.

My final decision

I am upholding Mr E's complaint. Citibank UK Limited must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 17 April 2023.

Rebecca Connelley
Ombudsman