

The complaint

Mr D complains that The Royal Bank of Scotland Plc (RBS) unfairly added a late payment marker to his credit file.

What happened

RBS decided to close Mr D's current account in November 2022. It sent a letter to his last recorded address to say he had an outstanding balance on his account of about £500. It explained what would happen if that amount wasn't paid within seven days. RBS emailed Mr D in January 2023 to say he owed money on his account and the matter had been escalated to a debt recovery agent.

Mr D contacted RBS in January 2023 to say he'd not received the letter of November 2022 as he'd moved address. He asked how to avoid the debt impacting his credit file. He also raised a number of complaints over the next couple of months. He didn't understand why RBS hadn't contacted him by email or by phone in accordance with his communication preference, rather than by post. He said it hadn't replied to his questions about how to avoid an adverse marker being put on his credit record. And he complained that RBS hadn't called him back when it said it would.

RBS said it was Mr D's responsibility to notify the bank when he moved address, and he hadn't done that. It noted that it had also emailed Mr D in mid-January 2023 to say that a marker might be added to his account and advised him to call its recoveries and collections team. It accepted it hadn't called Mr D back when it said it would. It apologised for that poor service and provided £100 for any distress or inconvenience caused. Mr D wasn't happy so brought his complaint to this service.

Our investigator didn't think RBS needed to do anything more. He said RBS was obliged to send the November 2022 letter by post and Mr D didn't receive it because he hadn't updated his address, as he had a responsibility to do. He also noted that Mr D was aware of the debt before any marker had been applied and thought he'd had enough time to pay it. Our investigator also noted that RBS had applied a second late payment marker to Mr D's credit record. But it had acknowledged that this was an error, removed it from his record and paid him £75. It had also paid him £100 for not calling Mr D back when it should have done.

As Mr D didn't agree with the investigator's view, his complaint has been passed to me to make a final decision.

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.

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RBS has confirmed that a late payment marker was added to Mr D's credit file. As he didn't

receive RBS's letter of November 2022 warning him it would need to be paid within seven days, and he paid the debt in March 2023, I can understand why he feels he's been treated unfairly. But, based on the information I've seen, I don't think he has been. Let me explain why.

The letter RBS sent to Mr D in November 2022 said it had decided to close his account. It said Mr D would need to pay any outstanding balances on his account within seven days from the date of the letter. And if the debit balance was still outstanding after that period, it might take action to recover the amount. It said that it might also share information about the debt with credit reference agencies and this might affect his credit rating. So, I'm satisfied the letter clearly explained what would happen if Mr D didn't pay the outstanding amount on his account within seven days.

Mr D said he didn't receive the letter because he'd moved address. He accepts he didn't notify RBS of his change of address but didn't think that was necessary as he no longer had a relationship with the bank. But I don't agree. Mr D had an outstanding amount on his account that needed to be paid back and the account would stay active until that debt was satisfied. So, I think it was fair for RBS to say he should have notified the bank of his new address.

Mr D also said RBS should have contacted him in other ways, by phoning him or sending an email. RBS has said it had a responsibility to send the notice of account closure by post, although I note it hasn't said why it couldn't also have contacted Mr D in other ways. Nevertheless, Mr D had a responsibility to keep RBS notified of any address changes. The terms and conditions of his account say he should tell RBS as soon as he can if his contact details change, to ensure he receives its communications. If Mr D had done that, he would have received the letter and he could have paid the outstanding amount within seven days. So, I don't think RBS has treated Mr D unfairly by escalating the matter to a debt collection agency when that didn't happen.

Mr D contacted RBS in January 2023. RBS confirmed its decision to close his account and said that a marker might be put on his credit file. It suggested he contact its collections and recoveries team to confirm the position of his account. A further letter from RBS in early March confirmed that no adverse data had been added to his credit file at that point and suggested he contact the debt collection agency to arrange a repayment to avoid any adverse data being recorded. So, RBS made Mr D aware of the potential consequences of not paying the debt in this period and I think he had an opportunity to contact the recoveries team and/or the debt collection agency to discuss repayment options at that time. I can't say whether, had he done so, he would have avoided the late payment marker, but I think that was possible. Whatever the case, I don't think it would be fair to say RBS had done anything wrong in how they handled the outstanding payment once it decided to close Mr D's account.

One of the complaints raised by Mr D against RBS was that it had failed to call him back when it said it would. Mr D didn't raise that point in his complaint to this service as he was more concerned by the late payment marker on his credit file. But I note that RBS accepted it hadn't done what it said it would and apologised for that poor service. It also gave Mr D £100 by way of apologising for any stress or inconvenience caused, although it looks as though it later increased that to £150. Either way, I think the amount it paid is fair and reasonable for the impact caused.

RBS has also acknowledged it made a mistake in recording a second missed payment on Mr D's credit file. It explained why that had happened, apologised and removed the data from his record. It also paid him £75 to say sorry for what had happened. Again, I think that amount is fair and reasonable. I recognise Mr D doesn't agree but I haven't seen any

evidence that second marker caused any wider financial impact. While there was a potential for that to happen, I don't think it would be fair to ask RBS to pay compensation for something that could have happened.

In summary, RBS provided some poor service to Mr D but I'm satisfied it's done enough to put matters right. It acknowledged it should have called him back when it said it would and it's apologised for a mistake that meant a second late payment marker was added to his credit file. But I'm satisfied the apologies, the explanations and the compensation it's paid for these mistakes provide a fair and reasonable resolution to those parts of his complaint.

Mr D's main concern was that it wasn't fair for RBS to add the first late payment marker to his account. RBS was satisfied it followed its correct procedures in doing that and, from the information I've seen and for the reasons I've set out above, I think that's a fair assessment.

My final decision

The Royal Bank of Scotland Plc has taken action to settle the complaint, as set out above, and I think that action is fair in all the circumstances. I don't think it needs to do anything more.

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

Richard Walker
Ombudsman