

The complaint

Mr G complains about the support he received from Bank of Scotland plc (BoS) when he requested a payment holiday on his loan and an extension to his overdraft.

What happened

Mr G has had a bank account with BoS for over forty years. In May 2022 he took out a loan with the bank.

Mr G approached the BoS in June 2023 to request an increase to his overdraft limit due to financial difficulties. He said this was refused as he didn't meet the criteria for an increase. He then asked the bank for a payment holiday for his bank loan. BoS said as Mr G had already had two payment holidays within the previous 12 months he wasn't eligible for another until September. Mr G said he was told if he could not pay the loan all his bank accounts would be closed. Mr G complained to the bank.

BoS said it determined it was unable to assist with a repayment holiday because Mr G had already used his repayment holidays for the rolling 12-month period. It proposed a plan to remove charges and interest which included closing Mr G's accounts. Mr G brought his complaint to this service. He said he was disappointed this was the way the bank thought of him as a long-term customer. He said this had caused him untold anxiety and a feeling that he was no more than a number rather than a valued customer looking for a bit of short-term assistance.

Our investigator concluded that BoS hadn't done anything wrong. Mr G didn't agree and asked for a decision from an ombudsman. He said his options were not explained clearly. He said he found it incredible for a bank to close all his accounts if he can't pay the loan. Mr G also disputed that he'd exceeded his payment holidays. He said he had taken two within a 12-month period which is what was allowed. Mr G also said the caller he spoke to had no empathy towards his plight.

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 realise this will come as a disappointment to Mr G but having done so I won't be asking BoS to do anything further for the reasons I've outlined below.

BoS said that per its terms and conditions a customer can apply for up to two repayment holidays of one month in a 12-month rolling period, subject to approval. Mr G had already taken advantage of these two repayment holidays so wasn't eligible for a further payment holiday until the following September. I can see that Mr G took payment holidays in September 2022 and February 2023. So I'm satisfied that Mr G had taken two repayment holidays and wasn't eligible again until September 2023.

The Lending Code requires financial institutions to be sympathetic and positive towards

customers when they disclose they are in financial difficulty. When Mr G told BoS he was having difficulty BoS asked him to complete an income and expenditure form. This is what I would expect it to do. The purpose of this form is to enable the bank to offer a suitable payment plan that considers the customer's individual circumstances. I've listened to the phone call between Mr G and BoS where they discussed Mr G circumstances.

The outcome of the income and expenditure exercise indicated Mr G was unable to afford the monthly loan repayments. BoS said taking Mr G's circumstances into account, the system was advising the treatment offered should be account closure. BoS went on to say this would mean no further interest or charges would be applied to the loan and Mr G could agree a long-term arrangement with its recoveries team. On the call it's clear Mr G didn't want to proceed with this option. BoS then offered to apply a 30 day hold to allow Mr G time to explore his options, but he declined.

Mr G has said things were not explained clearly to him in terms of closing the loan account which is what he called the bank about initially. He said he finds it incredible for a bank to say he needs to close all his accounts if he can't pay a loan. I do understand Mr G's strength of feeling in this matter. Having been a customer for many years the prospect of having his accounts closed came as a shock for him on the call. The reason BoS suggested this course of action was to prevent Mr G's financial situation becoming worse. By closing the accounts interest and charges would cease to accrue. Mr G wasn't forced to do this, and he was given the opportunity for a 30 day hold on the account for him to consider his next steps. And I'm not persuaded BoS were wrong in suggesting this remedy given that the income and expenditure result indicated Mr G would not be able to make his monthly payments.

Mr G said the call with the bank was difficult for him and that it was clear the person he spoke to had no empathy towards his plight. Mr G's call with the bank was quite long, over an hour, and he was required to provide a lot of personal information related to his financial circumstances for BoS to fully understand the situation. Mr G did say on the call that he had given a lot of information about himself with no real benefit. He said the conversation was having a negative effect on him and he felt in shock when told that his accounts would be closed. Towards the end of the call, he told the operator he wanted to leave the accounts as they were and that he would try to look for other ways to keep up with the loan repayments. And right at the end he expressed a desire not to continue with the conversation. It's clear to me that Mr G did find the call difficult, personal and wasn't prepared for the remedy the bank suggested, which was closure of the accounts. Having listened to the call myself the operator was calm and factual and did explain the options clearly as demonstrated by Mr G who repeated what he had heard for his own understanding.

In order for BoS to fully explore options with Mr G it was required to ask questions which may be difficult so it's understandable that the conversation wouldn't be easy for a customer. I'm satisfied BoS offered Mr G a remedy appropriate to his circumstances and while Mr G didn't agree with it, it wasn't wrong, nor do I think BoS acted unfairly. In response to Mr G's shock at the possible account closure the operator on the call offered to apply a 30 day hold so that Mr G could think about the situation, and I don't think the operator was unsympathetic to Mr G's position.

The bank has said that Mr G has made payments. However, if he finds himself in a financially difficult situation again I would expect BoS to continue to treat him sympathetically and positively.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 June 2024.

Maxine Sutton
Ombudsman