

## **The complaint**

Mr B and Miss V complain about the way The Royal Bank of Scotland Plc (RBS) has treated them. They're unhappy that it has chased them for mortgage payments and reported missed payments on their credit files when they have had a payment arrangement in place for some time and have been keeping to it.

## **What happened**

Mr B and Miss V went into arrears on their RBS mortgage in 2018. In 2019, RBS took legal action to recover the arrears, and in 2020 legal proceedings were adjourned with liberty to restore. The parties agreed – without a Court Order – that Mr B and Miss V would make the contractual monthly payments to the mortgage, plus £134.21 each month towards the arrears.

In February 2020, Mr B and Miss V began making those payments, and they have kept to that arrangement ever since.

In June 2021, Mr B and Miss V began receiving messages from RBS chasing payments for different amounts, followed in 2022 by letters about payment arrangements they hadn't made. Some of the letters said RBS may take legal action or instruct a field agent to visit their home, and they received phone calls from a field agent.

Mr B and Miss V contacted RBS multiple times to try to find out what had gone wrong and sort out the problem. Things didn't improve, so in June 2022 they made a complaint.

In July 2022, a field agent visited Mr B's and Miss V's property. Mr B and Miss V say the agent told their child that they needed to contact RBS urgently about their mortgage and handed their daughter a card, leaving her tearful and distressed. They also found that missed mortgage payments were recorded on their credit files.

RBS issued two final response letters in September 2022. It accepted it had made mistakes, confirmed Mr B's and Miss V's payment arrangements and amended their credit files. It also apologised and sent a cheque for £150 compensation.

Mr B and Miss V didn't accept that and said the problems were continuing, with calls and correspondence from RBS and its agents chasing payments that they hadn't missed. Their credit files also continued to be affected. They referred their complaint to the Financial Ombudsman Service.

Our Investigator recommended that RBS make some further amendments to Mr B's and Miss V's credit files and increase its offer of compensation to a total of £300.

RBS accepted that but Mr B and Miss V did not. They asked for an Ombudsman's review. They also queried the arrears balance and some of the fees and charges that RBS had added to their mortgage in 2020.

## **My provisional decision**

I didn't think RBS's offer went far enough, so I issued a provisional decision. I proposed that RBS amend Mr B's and Miss V's credit files as necessary to reflect the correct payment arrangements, and that it pay Mr B and Miss V £500 compensation. I said:

There's no dispute that RBS got things wrong. It treated the ongoing arrangement Mr B and Miss V had to make the contractual mortgage payment plus £134.21 each month as cancelled, without any reason to do so and when Mr B and Miss V had consistently maintained the payments. This resulted in calls, correspondence, and a field agent visit, and missed payments being recorded on Mr B's and Miss V's credit files. RBS also made mistakes in correspondence with Mr B and Miss V about their complaint.

RBS has, however, said that it now has the payment arrangement agreed following the legal action it took in late 2019 and early 2020 correctly recorded. It should not, therefore, be taking further action against Mr B and Miss V to recover the remaining arrears or reporting missed payments to credit reference agencies if Mr B and Miss V continue to maintain the contractual monthly mortgage payment plus the agreed amount towards the arrears – although that isn't to say that RBS can't ask Mr B and Miss V for updates about their financial situation or keep them updated about the level of arrears.

RBS has also said it has corrected Mr B's and Miss V's credit files, so that they show a payment arrangement has been agreed and maintained since March 2020. But I find that the available evidence indicates that the arrangement was in place in February 2020: Mr B and Miss V clearly knew how much they were expected to pay in February since they made that payment. So I think RBS should ensure that this arrangement is backdated further to include February 2020.

I find nothing to suggest that RBS added any extra fees or charges to Mr B's and Miss V's mortgage as a result of what happened. Following our involvement, Mr B and Miss V have questioned some of the fees and charges that RBS added to their mortgage in 2020 – specifically, two sets of legal fees and two debits of capitalised interest in March and October 2020. They have also said they think the mortgage arrears balance is wrong.

While our Investigator made some enquiries of RBS about the legal fees and shared the solicitors' invoices RBS provided with Mr B and Miss V, it's not appropriate for me to come to a conclusion about those fees or the interest and arrears balance here. RBS hasn't yet responded to a complaint about any of these matters. It should fairly have the opportunity to do so and Mr B and Miss V should have the opportunity to set out their position before the Financial Ombudsman Service investigates. So it's for Mr B and Miss V to complain to RBS about these fees and charges in the first instance should they wish to do so.

The only remaining matter for me to decide here is the amount of compensation Mr B and Miss V should fairly receive. I've carefully considered everything Mr B and Miss V have told us about the impact on them of what happened. Having done so, I don't think £300 goes far enough.

I can see that Mr B and Miss V were very upset and worried about the contact they received from RBS and its agent chasing payments and had to spend time trying to sort out the problem. They had only recently been through a very difficult period of missing payments to the mortgage, and faced legal action and the possibility of losing their home. They have said that RBS's field agent spoke to their child about the mortgage and caused significant distress, and that the arrears on Mr B's credit file caused other lenders to withdraw credit. RBS made repeated mistakes, and I think it's clear that Mr B and Miss V have lost confidence in RBS and its management of their mortgage.

I find that the way RBS treated Mr B and Miss V caused them considerable upset and inconvenience. In all the circumstances, I consider that £500 is a fair award in recognition of that.

I invited Mr B and Miss V and RBS to let me have any further comments or evidence they wanted me to consider before I make my final decision. RBS accepted my provisional conclusions, and despite a reminder Mr B and Miss V didn't reply.

### **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.

RBS has agreed with my provisional decision and Mr B and Miss V haven't added anything further for me to consider. So I find no grounds to change my conclusions and I confirm my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. The Royal Bank of Scotland Plc must pay Mr B and Miss V £500, and ensure that its records and Mr B's and Miss V's credit files reflect an arrangement to pay as in place and being met since February 2020.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss V to accept or reject my decision before 12 March 2024.

Janet Millington  
**Ombudsman**