

The complaint

Mr S has complained that The Royal Bank of Scotland Plc ('RBS') closed his credit card, after he informed it he was unable to repay the balance back in six months.

What happened

Mr S had a credit card account with RBS. It contacted him a number of times, to explain that he was in what is termed 'persistent debt'. Ultimately, in December 2023, it wrote to him to ask him to repay the balance in full, within six months, in order to keep the account open. Alternatively, if this wasn't possible, he could contact RBS to arrange a paydown plan, but this would mean his account would be closed.

Mr S called RBS, to say he wouldn't be able to repay the full balance within six months, but that he could pay some of it. On this basis, the adviser offered a paydown plan, but explained the account would be closed. Mr S was unhappy with this and made a complaint.

In January 2024, RBS closed the account under its persistent debt process. It didn't uphold Mr S's complaint, as it said it had done so correctly, and in line with the regulator's (the FCA) guidance.

Mr S then brought his complaint to our service. One of our investigators looked into what had happened, but she was satisfied that RBS had behaved fairly. She could see that Mr S's account had fallen into persistent debt, because in the preceding 18 months, the amount he'd paid back in interest, fees and charges was more than he repaid towards the capital he owed. And, the FCA rules in relation to persistent debt state that if a borrower is unable to increase monthly payments, it may be necessary to close the account to ensure that it is repaid within a reasonable period. The adviser also offered Mr S the opportunity to discuss a paydown plan, but he declined this.

Mr S disagreed, and said he'd never agreed to the rules about persistent debt.

The complaint's now been passed to me.

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 agree with our investigator, and for the same reasons she gave.

In summary, I'm satisfied that Mr S's account was in persistent debt, and that RBS took the appropriate action to address this. I appreciate that Mr S says he didn't agree to the FCA rules, but as his agreement was a regulated credit agreement, the regulator's rules apply.

I'm also aware that RBS closed Mr S's account before it had responded to his complaint. However, I don't think this was inherently unfair, and he was also able to bring his complaint to our service.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 November 2024.

Elspeth Wood
Ombudsman