

The complaint

Mr M complains that The Royal Bank of Scotland Plc (RBS) incorrectly recorded negative information on his credit file. He would like this removed and to be compensated for his stress and inconvenience.

What happened

Mr M held a current account and a credit card with RBS. In August 2022 RBS informed Mr M that they would be closing his accounts in October 2022. At the point of closure Mr M had an outstanding balance on his credit card. Once his account was closed Mr M noted he was unable to access his RBS online banking to make payments against this debt.

On 5 June 2023 RBS note that they notified Mr M that they intended to terminate and default his account, and on 27 June they marked the account as in default and updated credit reference agencies. In August 2023 they instructed a collections agency to seek to recover the money.

Mr M states that he was willing to make the payments and financially able to do so, but that RBS was not able to take payments. Mr M argues that RBS did not contact him until 8 months after account closure to inform him of the debt. He was unable to make payment against the debt, as over the phone and in several visits to branch the staff could not find any information about his account and so were unable to accept payment. He does not think his credit file should be impacted by what he sees as an error by RBS.

RBS state that they made Mr M aware of the remaining debt, and that they provided several options to Mr M to make payment before the marker was added to his credit file. RBS note that they confirmed Mr M would need to repay his debt in their letter advising him they would be closing his account. They also note that they continued to send monthly email statements after account closure. In addition to the letters they sent Mr M, they also had two phone calls him on 13 December 2022 and 13 February 2023. Mr M successfully made a payment on the first call. RBS believe they were correct in applying the marker to Mr M's credit file and instructing the debt collection agency.

Mr M complained to RBS who contacted him in January 2024 to say they would not be upholding his complaint or offering him any compensation.

Mr M was not happy with this outcome and referred his complaint to the Financial Ombudsman Service. Mr M was unhappy that he felt RBS had misunderstood the nature of his complaint, focussing on the account closure not the credit card repayment issues.

After his complaint was received by the Financial Ombudsman Service RBS decided to offer Mr M £170 to reflect poor communication and customer service, but restated that they believed they were correct to default Mr C's account and add the credit marker. Mr M didn't accept the offer.

One of our Investigators looked into the complaint. After reviewing documents and listening to the relevant phone calls they decided not to uphold Mr M's complaint. In summary they thought Mr M had been made aware of his balance, the impact of not paying it and had been given advice on multiple ways to pay. They also noted he'd successfully made a payment over the phone.

RBS accepted our Investigator's outcome but Mr M didn't. He highlighted that he did not believe the investigator had looked into the case thoroughly, and that as RBS had offered him compensation that suggested they believed they were at fault. He restated that he had attended branch and been told his details couldn't be found. He also stated that he did not dispute that the phone calls took place, but noted that the information he was given on the phone was incorrect: he was told that he could pay in branch but he couldn't, and he was told he could pay online when he could no longer access his RBS online banking. As such it has been passed to me to decide.

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.

Mr M has noted he is concerned that the complaint was not looked into fully by our Investigator. I've summarised the events in this complaint but I do stress that I've considered everything that Mr M and RBS have said before reaching my decision. Mr M was also not satisfied with RBS's response to his complaint, because he felt they had misunderstood the nature of his complaint. I'd like to assure Mr M that I appreciate he is not focused on the account closure itself, but the debt Mr M held on his credit card and RBS's handling of this. I have focused on that in my decision.

RBS argue that they believe they made Mr M aware of the debt and ways to pay it several times before they defaulted his account. I have reviewed their notice to close letter sent to Mr M on 10 August 2022 which notes *that You will need to pay any outstanding balance on your account by making at least the minimum payments shown on your monthly statements, until the debt is cleared.*

I have listened to the phone calls between Mr M and RBS on 13 December 2022 and 13 February 2023. On 13 December Mr M had called RBS in response to a letter he had been sent confirming he had remaining debt to pay. He wanted to know how to do this without access to his RBS online banking. RBS highlighted Mr M could pay in branch, via Direct Debit, Standing Order, directly from his new bank's internet banking and over the phone with his debit card. On that call Mr M successfully made a payment of £100. RBS noted they would send a direct debit form through the post and text Mr M RBS's account details so he could make the payment via his new bank's online banking. On the same call RBS helped Mr M to identify the statement emails that had been going to his spam folder and explained how to stop that happening. Mr M confirmed on the call that he could now see the statements. These statements set out the full amount of debt and the minimum payment due.

On 13 February Mr M called because of an email he had received informing him he still had a balance to pay and again requested details on how to pay the balance. On this call RBS highlighted the same ways to pay. Mr M attempted a payment over the phone but it failed.

On this call RBS noted that Mr M would need to pay at least the minimum payments to avoid any additional charges or negative impact on his credit file.

Mr M argues that he was given incorrect advice over the phone about how to pay. Firstly, he notes that he was told to pay online but he was unable to do so because he no longer had access to his RBS online banking. Having listened to the calls RBS explained how Mr M could pay the debt using his new bank's internet banking, for instance by setting up a standing order, or making a one-off payment. As such I can't conclude that losing access to his RBS online banking stopped Mr M being able to pay the debt using online banking, since he could make payment using his new bank's online banking services. Mr M was also able to make a payment using his debit card over the phone, so I have evidence that Mr M was aware of how to pay the debt over the phone.

Secondly, Mr M argues that was told he could make payments in branch but when he visited he was unable to do so. RBS don't have any records of Mr M visiting a branch, and Mr M isn't able to specify when he attended. But, RBS have advised our service that Mr M wouldn't have been able to make payments in branch without the Giro from his statements. So I accept this may have happened, and this might have caused Mr M some inconvenience. But, for the reasons I've already outlined I can't say this prevented Mr M from making the minimum payments towards his credit card.

I've considered the information provide by Mr M and RBS. In summary, I have seen evidence that Mr M was made aware of the need to make payment, the consequences of not doing so and that he was provided with multiple options for doing so. If Mr M is correct that he attended branch and staff were not able to take payment, he still had multiple options communicated to him for how to do so including one method, taking payment over the phone, that he successfully made use of. I don't have evidence that Mr M attempted to take up any of the other options for payment communicated to him. Therefore, I conclude that RBS acted fairly in adding the marker to his credit file, and I will not be instructing them to remove it.

Mr M notes that he considers the payment of £170 by RBS to be an indication they believe they were at fault. RBS have noted that they provided this payment to reflect the long time Mr M spent on the phone trying to contact a complaints specialist, and a date error in a letter sent to him. They note that they still believe the default and an application of a marker to his credit file was fair. As such I consider the payment by RBS to reflect an acknowledgement of poor customer service, rather than admitting any error in the defaulting Mr C's account. So this doesn't change my conclusions on whether Mr M was aware of the debt, and the need to pay.

For the reasons I've outlined above I won't be asking RBS to do anything more here.

My final decision

My decision is I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 September 2024.

Katy Grundy
Ombudsman