

The complaint

Mr and Mrs G are business partners. They run a business that, where relevant, I'll refer to as T. Mr and Mrs G are unhappy about the service, they received from The Royal Bank of Scotland Plc (RBS) in 2020 and 2023, when T was experiencing financial hardship.

What happened

T took out a business loan with RBS in 2011 (the Loan) which was secured on the home of Mr and Mrs G

Mr and Mrs G have told us that:

- On 13 February 2020, their relationship manager, who I'll refer to as Mrs R, phoned them because they'd missed two repayments on the Loan. Although in the phone call Mr G explained to Mrs R that they were experiencing financial difficulties, upsettingly Mrs R suggested the Loan should be placed with the "Bad Loans Department". She further suggested that they should take some time to consider that option.
- On 21 February 2020, they cleared the arrears.
- In March 2023, on the back of recent increases in interest rates, Mr G attended a branch of RBS to discuss the likelihood of fresh difficulties meeting the repayments on the Loan. He was given a number to call to discuss things.
- On 3 March 2023, Mr G called the business loan department on the number given to him. The employee to whom Mr G spoke promised to refer matters to the relevant team and someone would get back to him within a week. But no one did. And although Mr G phoned again a week later, and again was told someone would phone him back, as happened previously no one did.
- In July 2023, Mrs R contacted them again. She spoke to Mr G on 12 July and to Mrs G the day after on 13 July. The phone calls were intimidating and bullying in tone. And there was no compassion shown towards them given the financial strain they were experiencing. Mr G was especially upset after his call on 12 July.
- Their house was on the market for sale at the time of the conversations. Mrs R insisted that they pay off the business loan (£34,000) from the sale proceeds despite RBS having a 1st charge on the business property also, worth £150,000. Furthermore, Mrs R wanted confirmation from their solicitors that the house sale was proceeding.
- The stress and anxiety were considerable and Mrs G's mother ended up using her savings to pay off the £34,000 that was outstanding on the Loan.

When Mr and Mrs G complained about these matters to RBS, including the poor treatment they believed they received in February 2020 when they spoke with Mrs R, the bank's view was that there were no errors. It didn't think a conversation had taken place between Mr and Mrs G and Mrs R in February 2020 when a bad loans department was allegedly discussed.

But in relation to the phone calls that took place on 12 July with Mr G and 13 of July, with Mrs G, the bank believed Mrs R handled the calls politely and with empathy, and that she wasn't intimidating. Rather RBS believed Mrs R was courteous and compassionate. And they said that although Mrs R did ask for a letter from Mr and Mrs G's solicitor to confirm that their house was up for sale and close to completion, that was reasonable. Especially because it was intended to allow Mrs R to explore options to help with the arrears on the Loan - including as she'd mentioned, the possibility of an interest only loan to cover the period until the sale of the house.

As the complaint remained unresolved, Mr and Mrs G referred it to this service to look into.

Our investigator did so, and she concluded that RBS did provide poor service to Mr and Mrs G. In particular, she came to the following conclusions – which I summarise:

February 2020 conversation.

After requiring RBS to look further into the allegation that Mrs R did speak to Mr G in February 2020, given Mr and Mrs G's firm assertion to that effect, the bank eventually found the 13 February 2020 call with Mr G.

She was satisfied therefore that Mr and Mrs G were right in their recollection. In light of this, she concluded there were shortcomings on RBS's part. In particular because they did a poor job of searching their 2020 records initially to find the phone call and simply denied the conversation happened. This oversight demonstrated poor service. Moreover, against the backdrop of the financial difficulties they were experiencing, the bank's denial would have impacted Mr and Mrs G, leaving them feeling frustrated and unheard

Mr and Mrs G's 3 March 2023 interaction with RBS

Mr G did proactively ring the bank to discuss the financial difficulties they were likely to face in light of the interest rate increases at the time. RBS did not return Mr G's call as promised which amounted to poor customer service.

The phone conversations in July 2023

Having listened to the relevant calls, she did not agree with Mr and Mrs G's assessment of their tone. She didn't think the level of service provided during the calls fell below the standard she would expect. She concluded that from a customer service perspective, the request for a solicitor's letter for example was conveyed courteously and Mrs R provided the rationale for her request.

But in light of the conclusion that RBS provided poor service to Mr and Mrs G which in turn caused them distress and inconvenience, she recommended RBS pay £200 compensation to Mr and Mrs G.

RBS agreed with the investigator's conclusions. But Mr and Mrs G did not and requested a review of their case by an ombudsman.

In doing so, Mr and Mrs G wrote with further detailed submissions on their case. Those submissions expanded the arguments they had originally made about how RBS treated them. They said - in summary:

- The conclusion that RBS provided poor service to them is a restrained description of what happened. The lack of response from the bank in March 2023, for example, served to confirm their insignificance to RBS. And their demand that the Loan should be repaid from the proceeds of their house caused significant levels of stress and anxiety. In particular, because all the proceeds of the sale had already been accounted for, meaning it would not have been possible to repay the outstanding £34,000 on the Loan.
- Mrs R demands - including that they provide a letter from their solicitors to confirm the sale of the house caused anguish and distress. And they ended up pulling out of the house sale because they were having difficulty buying a cheaper house in order to be able to repay the Loan. Mrs R prevented them from moving house
- The impact of RBS's actions was considerable. In light of the failure to sell their house, they continue to live there on an interest only mortgage the term of which will come to an end in two years' time.
- Both are still working long hours and trying to get their house ready to put back on the market - with limited time and available funds.
- In light of the impact just described £200 doesn't amount to adequate compensation. Especially having regard to the levels of compensation that are shown on our website.

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.

Where the evidence is incomplete or inconclusive (as indeed some of it is here) I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

In light of Mr and Mrs G extensive submissions setting out their position on this complaint, I can see how strongly they feel about it. I confirm to them that I have read those submissions in full, but I have not set out my findings in the same level of detail. I mean no discourtesy by that; it simply reflects the informal nature of the Financial Ombudsman Service. Furthermore, as an ombudsman my role is to identify and respond to the substance of a complaint against a respondent firm. I am not required to respond to every single allegation raised, and I have not done so here. What that means is that if I've omitted to comment on any specific point, that Mr and Mrs G have made, it's not because I haven't considered it – I assure Mr and Mrs G that I have. The reason I haven't commented is because I don't think I need to in order to reach what I think is the fair and reasonable outcome in this case.

I acknowledge the events complained about happened at a very difficult time for Mr and Mrs G. And although I appreciate this would have been difficult to do, I thank them for explaining

some of the mental health challenges they experienced due to the financial pressures they faced in 2020 and which resurfaced in 2023. I sympathise with them.

The underlying issue in this case is that RBS did not treat Mr and Mrs G with sensitivity during a difficult time for them financially.

13 February 2020 phone call

RBS did reach out to Mr and Mrs G on 13 February 2020 because of concerns about the arrears on the Loan. It wasn't unreasonable for the bank to do so.

I've listened to the call that took place between Mrs R and Mr G at the time. I appreciate that the call was difficult and upsetting for Mr G because the bank needed a firm timeframe as to when Mr and Mrs G might be able to clear the two-month arrears on the Loan. Whereas Mr G was unable to give a clear indication to his frustration.

Mrs R explained she was fearful the Loan arrears might shortly become three months' worth rather than two, which could then result in more severe default action. It wasn't wrong for Mrs R to make Mr G aware of that and I wouldn't criticize RBS for doing so. I did not however, hear any mention by Mrs R of the Loan being placed with the "Bad Loans Department".

But I agree with the investigator, that this early interaction with RBS in 2020 was part of Mr and Mrs G's financial difficulties journey. It's where things began and understandably Mr and Mrs G had an acute memory of the event. So, when later, in 2023, they approached the bank, with concerns about possible financial difficulties again and expressed concern about their previous treatment in 2020, the bank ought to have been aware of that journey. Whereas RBS denied the existence of the call in February 2020. I agree with the investigator that was poor service and was upsetting for Mr and Mrs G.

The events in March 2023

Mr and Mrs G were fearful about their financial situation worsening in light of the increases in interest rates. And responsibly, they reached out to RBS to discuss this. I accept Mr and Mrs G's testimony that the RBS employee to whom they spoke promised the bank would get back to them in a week's time. And yet despite chasing, the bank didn't. I am satisfied that RBS's unfulfilled promise to contact Mr and Mrs G within the timeframe they'd been given amounted to poor service.

The phone calls of 12 and 13 July 2023

I have listened to these calls, and I can see also that Mrs R sent Mrs G a transcript of the two conversations that she had with Mr G on 12 July and with Mrs G on 13 July 2023. I find that the transcripts accurately reflected the discussions that took place.

That being said I have found no evidence Mrs R was rude or lacked compassion in the way she spoke to Mr and Mrs G. On the contrary, I think she was calm and patiently explained the bank's position in relation to the arrears on the Loan. In her phone conversation with Mrs G on 13 July 2023, I note that when Mrs G explained the mental health impact the conversations were having on Mr G, Mrs R agreed to communicate in writing with them going forward

I appreciate the conversations took place at a time of considerable worry. But I don't think Mrs R acted wrongly to request details of the sale of Mr and Mrs G's house. I am not persuaded this amounted to bullying and lacking in compassion. Mrs R explained to Mr G

and Mrs G separately that the reason for requesting the information was to see whether any short-term financial arrangement could be put in place pending the sale of the property. That was a reasonable attempt by the bank to be helpful.

And neither do I think that Mrs R's suggestion that the proceeds of the house sale should also be used to clear the Loan was insensitive or wrong. That was always inevitable in any case, as the Loan was secured on the house.

Compensation

Like the investigator, I am satisfied the bank did provide poor service to Mr and Mrs G on the limited basis I've described above. But I appreciate the engagements with RBS took place at a very stressful time for them because they were worried about their financial situation and keen to find solutions that might help alleviate those financial pressures.

I appreciate that such pressures did become more acute when the sale of Mr and Mrs G's home didn't proceed. Especially, bearing in mind their financial respite rested on the sale. But I don't fairly see how Mrs R's comment about using part of the proceeds of sale to repay the Loan could ultimately have been the reason the sale did not proceed. As I mentioned above, all charges on the house would have needed to be cleared in order for the sale to complete.

Taking all the above into account, I thought carefully about what an appropriate level of compensation should be in this case, bearing in mind that I'm satisfied Mr and Mrs G did suffer distress and inconvenience arising from RBS' poor service.

So, I've considered the general framework which this service considers when arriving at compensation amounts for distress and inconvenience – which Mr and Mrs G submit they've seen on our service's website.

Putting things right

After considering everything, I agree with the investigator that £200 represents fair and reasonable compensation for the distress and inconvenience caused to them.

I do not seek to minimise the difficulties and stress Mr and Mrs G experienced in 2020 and 2023 because of their financial situation. But I can only fairly award them compensation where I'm satisfied RBS's poor service was responsible. I'm not persuaded that all that Mr and Mrs G experienced at that time directly arose from the poor service I've identified. So, although I anticipate this will come as disappointing news to Mr and Mrs G, I'm not persuaded to increase the amount beyond the £200 recommended by the investigator

My final decision

My final decision is I uphold this complaint. In full and final settlement, I require The Royal Bank of Scotland Plc to pay Mr and Mrs G £200 in compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 7 January 2025.

Asher Gordon
Ombudsman