

## **The complaint**

Mr I complains that North Edinburgh and Castle Credit Union Limited trading as Castle Community Bank (CCB) did not respond to his emails appropriately when he was struggling financially.

## **What happened**

Mr I says that he sent an email to CCB on 5 June 2024 setting out that he was unwell with mental health issues, which resulted in him being off work, so he wasn't able to make his normal repayment that month. But Mr I says that CCB still attempted to take the payment for the loan on 10 June 2024, (which was declined by his bank due to insufficient funds). He says CCB sent him an email the following day stating that his payment was due, however, he was hoping they would've reached out to him, but they hadn't. He says CCB tried to take the payment again on 18 June 2024, which meant he had to email CCB again to reiterate the contents of his original email.

Mr I says that CCB told him incorrect information on 20 June 2024, with them saying that they hadn't attempted to take the payment again, which prompted Mr I to respond informing them again of his current situation with his mental health. He says he told CCB that he would be able to pay an additional £50 a month to clear the arrears, but CCB responded to say they had placed his account on hold for 30 days, but with no mention of any support regarding what he told them in previous emails. Mr I says he had to call them on 24 June 2024 to finalise details of his repayment plan due to no email response from CCB. Mr I made a complaint to CCB.

CCB partially upheld Mr I's complaint, and they offered him £50 compensation. They said they could have supported Mr I better. CCB said his original email (5 June 2024) was received three working days before the June 2024 payment was due, which meant it was too late to stop the first direct debit. They said they responded to his email on the fifth working day which was within their time period to respond to emails, and they asked him to complete an income and expenditure (I+E) form to allow them to better understand his situation, and they put his account on hold, but they didn't advise him to cancel his direct debit if he wasn't able to make his repayment.

CCB also said they acknowledged the mental health issues Mr I raised, however they did not offer support for him in respect of this. CCB said a payment plan was agreed on calls in June 2024, for Mr I to pay £50 a month in addition to his normal contractual payments. Mr I brought his complaint to our service.

Our investigator partially upheld Mr I's complaint. He said CCB should pay Mr I an increased compensation amount of £100 as Mr I was caused upset and frustration by CCB's errors, and he wasn't provided details of organisations that could help with the mental health issues he told CCB about, so he incurred additional distress with having to keep contacting CCB.

Mr I asked for an ombudsman to review his complaint. He said his account is supposed to be on hold with CCB until the issue has been resolved, however, they are still trying to take the direct debit payment. He said CCB should be more equipped with dealing with mental

health issues, and they should have dealt with the seriousness of this.

### **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 I has made a number of points to this service, and I've considered and read everything he's said and sent us, including the information he's given us about his mental health. While I won't go into detail about what he's told us to help protect his identity, I can assure him I have read everything he's said about this. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

Mr I has said that his account is supposed to be on hold with CCB until the issue has been resolved. I must make Mr I aware that I'm only able to look into the complaint points he originally made to CCB, which referred to a 30 day hold as opposed to them placing his account on hold until the issue was resolved. So if CCB had agreed to keep the account on hold for longer and they haven't done this, then Mr I will need to make a new complaint to CCB for them to investigate this directly first.

I do think that at times CCB did let Mr I down. I say this because Mr I informed CCB of his situation on 5 June 2024, however, the first time CCB acknowledged this was five working days later, and this appears to be in relation to the email Mr I sent them on 11 June 2024 in response to what appears to be an automated email CCB sent Mr I about them collecting a payment on 18 June 2024.

I can't see that CCB signposted help for Mr I regarding the things he told them about his mental health, so it could appear to Mr I that they weren't responding to what they told him, even though they acknowledged Mr I told them sensitive information.

I do think that CCB were reasonable in asking Mr I more information about his financial circumstances and asking him to complete an I+E form as they would have a responsibility to see how they could assist him. And placing his account on hold for 30 days would give Mr I breathing space, and it wouldn't prevent Mr I making an additional repayment. CCB let Mr I down by not informing him to cancel his direct debit for that month, therefore they attempted to take the payment on 18 June 2024, and they wrote to Mr I telling him the payment had failed again, which would cause him distress after he had already told them he couldn't afford the payment that month.

CCB also told Mr I there had been no attempt to take the payment, but their previous communication to Mr I contradicts this statement, so this would have been upsetting for Mr I. CCB also appeared to use automated wording regarding the hold as they said Mr I told them he wanted time to develop a repayment plan or to seek independent financial advice. But Mr I had told them he wanted to pay them an additional £50 each month to clear the arrears, so the wording CCB used was not aligned to Mr I's instructions.

Although Mr I told CCB he would pay them an extra £50 a month until the arrears were cleared, CCB would have a requirement to make sure this was affordable for him, so although it may be distressing for Mr I to contact CCB, especially given the errors they had made, CCB would still need to ensure this would be affordable for Mr I.

I've considered what would be a fair outcome for this complaint. CCB have acknowledged that they could have supported Mr I better, and I agree with this. They offered Mr I compensation of £50. But I'm not persuaded that this is enough for the errors and service (or

sometimes lack of service) that they provided to Mr I, given what he told them about his mental health.

Our investigator has suggested that CCB pay Mr I a total of £100 compensation. I'm satisfied that this is fair for the reasons I've given in this decision. It is in line with our awards for what went wrong here, and our awards are not designed to fine or punish a business. So I'll be asking CCB to put things right for Mr I.

### **Putting things right**

Our investigator has suggested that CCB pays Mr I a total of £100 compensation for distress and inconvenience (less anything they have already paid him), which I think is reasonable in the circumstances.

### **My final decision**

I uphold this complaint in part. North Edinburgh and Castle Credit Union Limited trading as Castle Community Bank should pay Mr I a total of £100 for distress and inconvenience (less anything they have already paid him).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 10 December 2024.

Gregory Sloanes  
**Ombudsman**