

The complaint

Mr and Mrs M complain that The Royal Bank of Scotland Plc, trading as The One Account, allowed Mr M to draw down £30,000 from their mortgage when it shouldn't have done and without Mrs M's agreement.

What happened

Mr and Mrs M opened a "One Account" with RBS in 2005. The One Account is a current account mortgage or secured bank account. The account operated in such a way that Mr and Mrs M could draw money from the account and make repayments to it as and when they wanted, as long as they kept the balance within the facility limit.

Mr and Mrs M initially borrowed around £45,000 against a facility limit of £80,994. The account was set up over a term of 18 years and five months. Mr and Mrs M subsequently drew on the account up to the facility limit.

In late 2019 Mr M told RBS that he had had to take early retirement from his job on medical grounds and could no longer afford the mortgage. He was in touch with RBS about his situation a number of times between 2019 and 2021. He told RBS that he had mental health problems and struggled to remember things, and he sent it medical evidence from medical specialists and his GP.

In early 2021 Mr and Mrs M used Mr M's pension money to make some lump sum payments to the mortgage account which reduced the balance to around £50,000. Mr M then had a number of discussions with RBS about how the rest of the balance would be repaid, given his difficulties with his health and finances and the approaching term end in November 2023. Those discussions included changing to a different type of mortgage or applying for a lifetime mortgage once Mr M reached 55.

In January 2022 a lump sum of just over £53,000 was credited to the mortgage, reducing the balance to around £130. Mr M had already told RBS that this money was from a family member. He then asked to keep the mortgage account open because he thought doing so would benefit his credit file. No withdrawals were made from the account in 2022.

In January 2023 Mr M phoned RBS and asked to draw down £30,000 from the mortgage account. He said he wanted the money to help his daughter buy a business. RBS released £30,000 the same day. It also arranged an appointment for Mr M to discuss extending the mortgage term.

A few months later, while RBS was considering a term extension application, Mr M told it that he wouldn't be able to repay the £30,000 he had borrowed and his mental health had worsened again. He said that when he asked to borrow the money in January 2023 he thought he had a terminal illness and a life assurance policy would repay the debt when he died. He said he had since found out that he wasn't terminally ill, and so he had no way of repaying the mortgage. RBS later extended the mortgage term to November 2024 and referred Mr M to its Financial Help and Support Team.

Mr and Mrs M made a complaint. They said that RBS shouldn't have let Mr M borrow the £30,000 given what it knew about his mental health and financial problems and without Mrs M's agreement to the drawdown.

RBS said it had done nothing wrong in releasing the £30,000 Mr M had asked for and it had followed its usual process. It apologised for the delay in responding to the complaint and paid Mr and Mrs M £250 compensation. It also said they should contact its Financial Help and Support Team to discuss repayment of the mortgage.

After Mr and Mrs M referred their complaint to us, RBS offered to refund the interest charged on the £30,000 drawdown and stop interest being charged on it in future. It said it would refund the interest to the mortgage, and its specialised support team would work with Mr and Mrs M to discuss repaying the remaining balance.

Our Investigator thought RBS had made a fair offer, but Mr and Mrs M disagreed. They said their account was closed in 2019 so Mr M should never have been able to take money out of it. They still thought RBS had been negligent, and said the business they had bought with the money they drew down in 2023 was overpriced so they haven't made any profit.

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 and Mrs M's One Account worked in such a way that they could take money out of it as and when they wanted, without any affordability checks, as long as the account balance didn't go over the facility limit. Either Mr or Mrs M could withdraw money; RBS didn't need to ask for the other borrower's agreement before releasing drawdowns. All of this is set out in the account terms.

So, when Mr M asked to take £30,000 out of the account in January 2023 and RBS released the money, it did so in line with the account terms. The account hadn't been closed in 2019 as Mr and Mrs M now seem to think. And RBS's records say that Mr M had asked for it not to be closed when it was almost paid off in full in 2022.

However, I think it's clear that Mr M is and was vulnerable and that RBS knew that when it allowed the drawdown in 2023. What Mr M had told RBS about the difficulties he had with his mental health and finances between 2019 and 2022 was recorded on RBS's account notes. RBS received medical evidence and debt and mental health forms in 2021 which said amongst other things that Mr M had difficulties managing money and memory problems.

RBS had also received details of Mr and Mrs M's income and expenditure in 2021 which showed that they couldn't afford their day to day living costs even without paying anything towards the mortgage. And RBS knew a family member had paid off all but a very small amount of the mortgage for Mr and Mrs M. It also knew that its specialist support team had been working with Mr and Mrs M because of their circumstances.

RBS has said that it did have on file that Mr M was vulnerable, but that there was no indication of vulnerability when he called to ask for the £30,000 drawdown. It has also said that it wasn't part of its process to review the notes on an account before releasing money in line with a customer's request, and there was no restriction on Mr and Mrs M's account.

In the particular circumstances of this case, given what it knew about Mr and Mrs M's health and finances and given that the mortgage term was due to end just ten months later, I think RBS could and should have done more to support them. I think Mr and Mrs M's situation

was such that RBS should have carried out some checks and/or made further enquiries before releasing the £30,000 in 2023. Had it done so, I don't think it would have released the money – it would have been clear that Mr M was acting impulsively and Mr and Mrs M had no real plan to repay the debt.

However, in offering to make the £30,000 drawdown interest-free, I'm satisfied that RBS has now made a fair and reasonable offer to put things right. I know that Mr and Mrs M would like RBS not to ask them to repay the £30,000, but I don't consider that I can reasonably require it to do that. They have had the benefit of that money and invested it in a business – even if that business hasn't worked out as well as they hoped. RBS has also paid Mr and Mrs M £250 compensation, and I think that's fair for the worry and inconvenience they've been caused as a result of its handling of this matter.

RBS has said its specialist team will discuss Mr and Mrs M's circumstances with them to help them find an affordable way to repay the remaining mortgage balance. I encourage Mr and Mrs M to engage with RBS about this now that the mortgage is past the end of its term.

My final decision

My final decision is that The Royal Bank of Scotland Plc, trading as The One Account, has made a fair offer to settle this complaint.

In full and final settlement, it should refund to Mr and Mrs M's account all interest charged on the £30,000 drawdown made in January 2023, and ensure that no further interest is charged on that part of the account balance. It should also ensure that no further withdrawals can be made from the account, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 16 June 2025.

Janet Millington
Ombudsman