

The complaint

Mr C complains that The Royal Bank of Scotland Plc unfairly removed account facilities from him during a period of financial difficulty – itself caused by medical incapacity.

What happened

In 2022 Mr C suffered a serious injury. It affected his ability to work and, therefore, his financial situation. Mr C believes that RBS treated him unfairly during this period, and that is the subject of a separate complaint. This complaint concerns the closure and downgrading of Mr C's accounts earlier this year.

Mr C had three personal accounts with RBS: a current account, a Premier Select account and a credit card account. In May 2025 the current account was £1,000 overdrawn. The Premier Select account was just under £10,000 overdrawn, but within its £10,000 overdraft limit. The credit card account had a balance of just over £15,000. I understand that interest and charges had been suspended for some time. The Premier Select account was a packaged account which came with certain benefits, such as travel and mobile phone insurance and breakdown cover.

On 14 May 2025 the bank wrote to Mr C to say that it intended to transfer the current account to its Debt Management Operations department. This would trigger default and formal demand notices. The bank asked Mr C to complete income and expenditure forms to help it decide how to proceed.

As the Premier Select account was within the overdraft limit, RBS said it could be returned to branch control, but that interest and charges would be added. It invited Mr C to get in touch if he felt that would not be affordable.

Discussions continued and, in August 2025, RBS wrote to Mr C with three options. They were:

- Mr C could continue with the Premier Select account, paying interest and charges. The credit card balance and overdraft would be written off and credit reference agencies would be notified.
- The bank would write off all Mr C's liabilities and move him to a basic account without credit facilities. Credit reference agencies would be notified.
- The Premier Select account would be defaulted if the facility were exceeded, in which case the bank would follow its standard recovery procedure.

Mr C selected the second option. He made it clear however that he was doing so under protest and that he felt he was being coerced into accepting the one of three options, all of which were unfair. He felt that he had been unduly pressured and reserved the right to complain about his treatment.

Mr C referred the matter to this service, where one of our investigators considered what had happened. The investigator thought however that Mr C had been treated fairly in the circumstances and did not recommend that his complaint be upheld.

Mr C did not accept the investigator's assessment and asked that an ombudsman review the case.

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.

First of all, Mr C has my sympathies. It is clear that his injury a few years ago has affected his ability to run his business and has had a serious impact on his finances. I would expect his bank to be supportive and sympathetic in such situations.

I stress however that I have not reviewed everything the bank has done over the years, since that is the subject of a separate complaint. I have focused on its actions in reducing the banking facilities available to Mr C earlier this year.

In deciding what's fair and reasonable, I must consider all the relevant circumstances. In this case, that must, I think, include the fact that Mr C and RBS reached an agreement about how his accounts would be managed. Where a bank and a customer have reached an agreement, I would only intervene to impose a different arrangement in exceptional circumstances – for example, where the customer clearly did not understand the agreement.

In this case, Mr C has not suggested that he did not understand the options he was given. And I do not believe it can fairly be said he was placed under undue pressure or that he was coerced into agreeing to the bank's proposal. He was certainly under financial pressure, but that is not the same as coercion, and nor does not mean that Mr C was treated unfairly.

I appreciate of course that Mr C feels strongly that he should not have lost the ability to have credit and that he has lost benefits attached to the Premier Select account. As the investigator noted, however, he retained those benefits for a significant period when he did not meet the necessary criteria; he has also had interest and fees waived for some time. And the arrangement he agreed to means that debt of more than £25,000 will be written off. That is something I must take into account in deciding what's fair and reasonable.

My final decision

For these reasons, my final decision is that I do not uphold Mr C's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 January 2026.

Mike Ingram
Ombudsman