

### **The complaint**

1. Mr S is unhappy with Clydesdale Bank Plc's handling of his credit card.

### **What happened**

2. I issued my provisional findings to both parties setting out why I thought Mr S's complaint should be upheld in part and invited both parties to provide any further submissions in reply to my provisional decision.
3. The background to this complaint was set out in my provisional decision together with my provisional findings, which are included below and now form part of this final decision.

### Background

4. In 2018 the financial regulator, the Financial Conduct Authority (FCA), introduced rules and guidance for firms to follow in relation to customers recognised as being in 'persistent debt'.
5. Clydesdale identified Mr S as being in persistent debt in September 2018.
6. It is disputed between the parties what correspondence / communications followed this, but on 5 October 2020 Mr S spoke with Clydesdale about the status of his account.
7. Following the call Mr S's credit card was blocked with an outstanding balance of around £8,000 and a credit limit on the card of £22,500.
8. Mr S later raised a complaint with Clydesdale, that they had blocked his card; about the interest he was incurring, and their poor engagement with him. Clydesdale said they had done nothing wrong in blocking Mr S's credit card and paid £75 to Mr S's account for poor customer service.
9. Unable to resolve things with Clydesdale Mr S took his concerns to court. The judge struck out Mr S's claim, and it was subsequently agreed between the parties for this service to consider the matter, noting the judge's reference that this service may take a different view based on the rules this service follows.
10. Our Investigator upheld Mr S's complaint in part as they increased the compensation for poor customer service from £75 to £125, and they said Clydesdale should pay Mr S £350 for the impact to Mr S of being unable to reduce his credit limit – which Mr S had said Clydesdale were preventing him from doing. The Investigator did not find that Clydesdale had done anything wrong or acted unfairly in relation to the FCA's rules and guidance about persistent debt.
11. Mr S strongly disagreed with the Investigator's findings.
12. Mr S's key reasons for disagreeing with the Investigator included: he had not received any of the correspondence Clydesdale were required to send him under the persistent debt rules and guidance; he had agreed to a change in account terms and conditions in March 2020 which ought to have prompted Clydesdale to act if they

considered him to be in persistent debt; Clydesdale's behaviour and actions had trapped him in a cycle of interest after his card was blocked, so they were failing in their obligation to support him to clear his debt; preventing him from reducing his credit limit was presenting a false impression to other organisations that he had a significant amount of credit available when he did not; and Clydesdale had failed to update his address.

#### Provisional findings

13. I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.
14. While above is a summary of what has happened and I may not respond or comment on every point each party has raised, I assure both parties I have reviewed all the available evidence and submissions. My findings are focused on what I consider relevant to reaching a fair and reasonable resolution in this matter.
15. To reach a fair and reasonable resolution I have taken into account any relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.
16. Given some of Mr S's submissions about Clydesdale's wider practices, for the avoidance of doubt, I make it clear that it is not my role to determine whether a law has been breached – that is for the court to decide. And it is also not my role to interfere with a firm's systems, processes or controls, nor is it for me to fine or punish a firm. These are all considerations for the appropriate regulator.
17. Where the evidence is incomplete, inconclusive or contradictory I have made my decision based on the balance of probabilities – which, in other words, means I have based it on what I think is more likely than not to have happened given the available evidence and the wider circumstances.

#### Persistent debt

18. I have first considered Mr S's concerns that Clydesdale did not adhere to the FCA's rules and guidance in relation to persistent debt. I note Mr S's primary reasons for this include that Clydesdale cannot evidence the requisite persistent debt communications were sent to him.
19. Persistent debt rules were introduced by the FCA as part of a package of remedies to address harms identified in the Credit Card Market Study's final report in 2016.
20. A customer was to be recognised as being in persistent debt where, over a period of 18 months, they had paid more in interest, fees and charges than they had paid towards the principal balance of their credit card.
21. Clydesdale's records show that in September 2018 Mr S had, in the 18 months prior, paid interest of £1,875.39 and a lesser amount of £1,461 towards the principal balance in the same 18-month period. A difference of £414.39.
22. In the circumstances, I think it fair to say in September 2018 Mr S's credit card met the FCA's definition of being in persistent debt.
23. On recognising an account in persistent debt Clydesdale were required to highlight this to their customer, and to do so again after the account reached 27 months in persistent debt, and then again at 36 months.
24. The FCA set out that where a customer did not respond after 36 months, the firm must suspend or cancel the customer's use of the credit card. There was no further

obligation on the firm after the 36 months with regards to persistent debt.

25. Clydesdale have said they emailed Mr S about his account being in persistent debt on 18 September 2018 and 18 June 2019, and then sent him a letter on 18 March 2020 requesting Mr S indicate how he wished to move forward by 27 April 2020 or his card would be blocked and, once the balance was repaid that his account would be closed. Mr S maintains he received none of these communications.
26. It is not possible for me to know what exactly happened with these communications, but on balance I think it reasonable to say Clydesdale more likely than not sent them.
27. I say this because Clydesdale's internal records support Mr S was emailed (to the email address he used to correspond with Clydesdale around that time) on 18 September 2018 and 18 June 2019. And a reference against one of these dates corresponds to the template communication Clydesdale used for persistent debt correspondence. Furthermore, Clydesdale have produced a copy of the letter dated 18 March 2020, together with an internal record that a letter was issued to Mr S at that time. If there were any problems with delivery, it would be unreasonable for me to hold Clydesdale responsible for issues with the postal service at that time. It would also be difficult for me to hold Clydesdale responsible for emails which may have found themselves in Mr S's spam / junk email folder.
28. That said, given a primary purpose of the letters was to highlight to Mr S he was paying more in interest, fees and charges than towards his principal balance, I think Mr S more likely than not was aware that if he only made his minimum payment each month this would be more costly for him. This is because a message to this effect was set out each month on his statements.
29. The persistent debt communications were also designed to present options for customers on how to help remove their account from persistent debt, and to explain what might happen if no action was taken by the customer.
30. On 5 October 2020 Mr S received a SMS which asked him to confirm his repayment choice and that if he did not do this, his card would be stopped. Mr S spoke to a Clydesdale agent later the same day. I have listened to this call and reviewed the transcript.
31. The status of Mr S's account was discussed during the call and Mr S was made aware of different options available to him. The outcome of the call was that Mr S decided not to increase his minimum payments as he intended to significantly reduce the outstanding balance in the near future. The Clydesdale agent also mentioned potentially reducing the credit limit and that if Mr S chose the option not to increase his minimum payments, Mr S's credit card would be blocked and the account closed once the balance was cleared.
32. During the call Mr S mentioned the pandemic and the impact this was having on some people financially, but there appeared to be no suggestion from Mr S that he was experiencing any financial difficulties at that time.
33. In addition to the persistent debt communications mentioned above, the FCA indicated to the industry that an extension be given to customers that had reached a status of persistent debt for 36 months so that no action be taken until the start of October 2020, and so Mr S was also contacted in September 2020 to let him know his card would be blocked in October 2020 if no response was received. Mr S says he did not receive this either.
34. Taking everything into account here, it is difficult for me to know what communications Mr S did or did not receive from Clydesdale about his account being in persistent debt. However, I must also consider that once Mr S was undoubtedly made aware, his decision was not to increase his minimum payments. So I've not

seen enough to persuade me that Mr S would have done something different if he had known his account was in persistent debt any earlier.

35. And overall I've not seen enough here to say Clydesdale failed to follow the FCA's guidelines in sending out the required persistent debt communications for Mr S's account. I also think it fair to say they acted in accordance with the FCA's pause on any further action until October 2020, after which they were entitled to block Mr S's credit card given their conversation with Mr S and the regulator's rules and guidance which required firms to act after 36 months of an account being in persistent debt.

#### Interest and reduction in credit limit

36. Mr S has expressed his concern that Clydesdale trapped him in a cycle of interest by not allowing him to reduce the credit limit on his account, and that by not supporting him after his credit card was blocked Clydesdale failed to support him in the spirit of the regulator's rules and guidance for persistent debt given it was designed to help customers.
37. Having reviewed the regulatory framework around persistent debt I have not found anything to suggest Clydesdale were obligated to stop charging Mr S interest after they blocked his credit card. This might reasonably be expected where someone was in financial difficulties for example, and Clydesdale have obligations to treat customers with forbearance in such circumstances. However, Mr S did not indicate any financial difficulties in his communications with Clydesdale, rather it seemed more likely than not Mr S expected to be able to significantly reduce the balance and had no real need for the credit as it was rarely used.
38. As Mr S had the benefit of the credit from Clydesdale, it was reasonable – as per the terms and conditions of Mr S's account - for Clydesdale to charge interest on the monies Mr S had borrowed. So I've not seen enough here to say Clydesdale were wrong, or acted unfairly, in charging Mr S interest.
39. Mr S's concerns include that other organisations or potential creditors were left with an impression he had access to around £14,000 of credit, but this was not the case given his card had been blocked. The credit limit was an accurate reflection of Mr S's account, so I've not seen enough on this point to say Mr S's account was being reported incorrectly. And I take Mr S's point that it would not have been apparent to a third-party reviewing his credit file that his card was blocked, but I think it would have been possible for any organisation or prospective creditor to infer from the balance and payments being made that Mr S was likely to be in persistent debt.
40. Mr S has said Clydesdale prevented him from reducing the credit limit. But I've not seen enough to persuade me this was something Clydesdale were stopping Mr S from doing.
41. In the call on 5 October 2020 the agent did reference that Mr S could consider reducing the credit limit and that he could do so by calling Clydesdale and it would be something that would be actioned straight away.
42. Clydesdale have said Mr S was told what he needed to do to reduce the credit limit in April 2024 (in an email from Clydesdale's solicitors to Mr S) and in June 2024 (in a response to Mr S's MP). Clydesdale also noted Mr S had been told, following the court appearance, that reducing the credit limit was something Mr S could do, but at that point Mr S had said it was too late as there was no point in doing this.
43. Mr S says he asked Clydesdale to reduce the credit limit on three separate occasions when he wrote to them in November 2020, April 2022 and May 2023. The communication from May 2023 explicitly made a request to reduce the limit. The earlier letters were less explicit although the April 2022 communication ought

reasonably to have put Clydesdale on notice that Mr S had concerns about how his credit limit (and his available credit) was being reported to the CRAs.

44. Clydesdale said they did not receive any of these communications from Mr S.
45. It is difficult for me to now know what Clydesdale may or may not have received from Mr S. This is not to be dismissive of Mr S's submissions, but there is little evidence to go on here. In any event it appears Mr S did not pursue the matter for significant periods of time between the dates of his letters. Furthermore, once Mr S was made aware in April 2024 of the link to reduce the credit limit, there does not appear to be any record of Mr S attempting to do this.
46. I realise in Mr S's eyes it was perhaps a case of too little too late as he had reduced the balance of the credit card by making a transfer, but my understanding is that Mr S still maintains an outstanding balance on the credit card he is continuing to repay. And so Mr S's credit card limit remains reported as £22,500.
47. Overall, I've not seen enough here to persuade me Clydesdale were actively preventing Mr S from being able to reduce his credit limit. And even if I accept Clydesdale could have told Mr S sooner what was needed to reduce his credit limit, I've not seen enough to support that Mr S would more likely than not have done anything differently, or that he would be in a different position.
48. I say this because it does not appear that Mr S wished to reduce the credit limit in the call in October 2020; it was not something he regularly followed up across the years; and once aware there was a way to reduce the credit limit, he did not choose to do so despite a balance continuing to remain on his account and the credit limit continued to be reported as £22,500.
49. Mr S says that not being able to reduce the credit limit has cost him financially as he was unable to transfer his balance to a lower interest rate. I have considered Mr S's point, however, there is not enough here to persuade me that Mr S should have all his interest refunded – which is what he is seeking as part of a resolution.
50. Firstly, as I've already set out earlier, Clydesdale were entitled to continue charging Mr S with interest after the card was blocked as there was no suggestion or reason for them to think Mr S was in financial difficulties and that they should therefore do something differently.
51. Secondly, even if the credit limit had been reduced, Clydesdale have said their practice would be to reduce a credit limit to be £500 more than the outstanding balance at the time. Given Mr S did not make any significant payments to the card after the October 2020 call, his balance continued to remain around £8,000, slowly reducing as he continued to only make the minimum payments. So this would still have shown a reasonable amount of outstanding credit, and if the credit limit was reduced it would have outwardly presented a high utilisation of Mr S's available credit, which some potential lenders may have drawn an inference from as part of their considerations when deciding to lend.
52. And so I must consider there was no guarantee that Mr S would have been approved for new credit. When creditors decide whether to lend to someone, they consider a number of variables, including amongst other things, the information on a person's credit file and the individual's income and outgoings to help determine whether someone can afford and sustainably make the required payments.
53. While Mr S had not done anything wrong in that he had made payments to his credit card each month, I understand he had only made minimum payments since 2018 so this would likely have been inferred from the payments reported to the CRAs.
54. From what I have seen there is therefore not enough to persuade me that had Mr S

reduced his credit card limit any sooner than he would more likely than not have improved his chances of having a credit application approved to be able to move his balance to a cheaper interest rate.

#### Change of terms

55. Mr S has expressed concern Clydesdale did not automatically increase his minimum payment when his account reached a state of persistent debt, as they had said they would do in their terms and conditions. Mr S says that as he did not respond to Clydesdale's communication about changes to the terms and conditions of the account, this meant he had accepted the changes in March 2020 and agreed that Clydesdale could increase his minimum payments.
56. As I've previously explained, it is not for me to decide whether there has been a breach of contract. I have however considered whether, in the circumstances of this matter Clydesdale fairly applied the terms and conditions of Mr S's account. And having done so, I think they have.
57. Mr S says he received email communication from Clydesdale in March 2020 setting out a change in the terms and conditions, which in part included reference to persistent debt. I've reviewed the relevant terms and conditions, but I have not found that they say increasing the minimum payment was something Clydesdale would automatically do if someone was in persistent debt, rather it says they 'can' do this. And it could be argued that as this change came around the time of the pandemic, it would not have been reasonable to implement such a change automatically at risk of putting a customer in a potentially more difficult financial position.
58. I have therefore not seen enough to persuade me that, in the circumstances of this matter, Clydesdale should have changed Mr S's minimum payments automatically. And it follows this is not enough for me to uphold Mr S's complaint on this point.

#### Customer service

59. Looking back over what has happened in this matter, I do however think Clydesdale could have better helped their customer in understanding the status of his account and how he could sort out his problem. I think it is fair to say Mr S raised his concerns with Clydesdale in early 2022 and that ought to have put Clydesdale on notice that Mr S required help with his account. However, very little happened over the months that followed with Mr S repeatedly having to chase Clydesdale to engage with him, until he received their final response letter in February 2023, following which Mr S felt the only route available to him was to start court proceedings in late 2023 after further attempts to sort out his account with Clydesdale were unsuccessful.
60. In the circumstances this is disappointing and I think Clydesdale could have done more to treat their customer fairly here.
61. I am aware Clydesdale have already paid Mr S £75 to reflect their poor service to him. In the circumstances I think this should be increased to a total of £500 given Mr S's need to repeatedly chase Clydesdale from 2022 and that Clydesdale could have done more to treat their customer fairly by providing Mr S with information on what his options might have been at that time in relation to his account. I note also that it appears Mr S had to chase Clydesdale to update his address.

#### Summary

62. Overall, I have not found enough here to persuade me Clydesdale failed to adhere to the FCA's rules and guidance for persistent debt. Or that they were actively preventing Mr S from being able to reduce his credit card limit if that was something

he wanted to do. As I've explained, I have also not been persuaded that Clydesdale ought reasonably to have increased Mr S's minimum payments when his account was recognised as being in persistent debt.

63. And even if I were to accept Clydesdale ought to have done something more earlier on, I have not seen enough that would persuade me Mr S would have done something different or that he would have been successful in obtaining cheaper credit elsewhere at that time.
64. However, Clydesdale's customer service to Mr S who was trying to understand and resolve this matter has fallen short as I think they could have done more to help their customer through these events after they were reasonably aware of Mr S's concerns.

#### Putting things right

65. Clydesdale Bank Plc should pay Mr S £425 to reflect the trouble and upset caused to him.
66. Clydesdale Bank Plc should also make clear to Mr S what is required for him to reduce his credit limit if this is something he would now wish to do, and to support him in ensuring this is done without delay if he chooses to do so.

#### Responses to my provisional decision

67. Clydesdale replied to my provisional decision and said they accepted a total payment of £425 to be made to Mr S, and said that less the £75 already paid, they would pay Mr S £350. Clydesdale also said Mr S would be able to reduce the credit limit via the mobile app, which they understand Mr S is registered to use.
68. Mr S replied to my provisional decision with several points. In summary, Mr S's main points are:
  - a) He does not think his account was in persistent debt until 2019.
  - b) He was entitled to rely on the amendment to the terms of his contract.
  - c) He did not receive any of the persistent debt communications from Clydesdale.
  - d) The law entitles him to have his credit limit reduced.
  - e) He does not agree that he did not choose to reduce his credit limit.
  - f) His statements are still being sent to his old address.

#### **69. 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.

70. I've considered what Mr S has said, but no new evidence has been provided from either party to persuade me to alter my findings. So while I understand Mr S remains frustrated with these events, the points he has raised in reply to my provisional decision have already been dealt with in my provisional findings above, and I do not believe there is more I can add to what I have already said.
71. In short, I've not seen enough to persuade me Clydesdale didn't follow the regulator's rules and guidance in relation to persistent debt, or that Mr S was prevented from reducing his credit limit. And I've not seen enough to say Clydesdale acted unreasonably when they didn't automatically increase Mr S's payments to his account. But as I've set out above, there were shortcomings in Clydesdale's support of Mr S and so this ought to be put right as I've set out below.
72. I note Mr S says his address is still not correct for his account. If it is not correct, then

I think it is now in Mr S's hands to update Clydesdale with his correct address once more, and Clydesdale should let Mr S know how he can now do this.

73. I'm aware Clydesdale have understood the remedy proposed to settle this matter is a further £350 to be paid to Mr S; however, as set out in my provisional decision my proposed resolution was to increase the compensation to a total of £500, so as Clydesdale have already paid Mr S £75, they need to pay Mr S a further £425.

#### **Putting things right**

74. Clydesdale Bank Plc should pay Mr S £425. For the avoidance of doubt, this is to bring the total compensation to £500.
75. Clydesdale Bank Plc should let Mr S know how he can change his address.

#### **My final decision**

76. For the reasons above my final decision is that Mr S's complaint is upheld in part and Clydesdale Bank Plc should put things right as set out above.
77. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 December 2025.

Kristina Mathews  
**Ombudsman**