

## The complaint

Mr K complains that The Royal Bank of Scotland Plc (“RBS”) did not respond fairly after his loan account fell into arrears.

## What happened

Mr K says he took out a loan on 25 March 2024 and had only missed two payments, in March 2025 and May 2025, due to short-term financial issues. He says that, when he was abroad in July 2025 due to a family bereavement, RBS claims to have sent him a default notice dated 14 July 2025. He says he contacted RBS on 18 August 2025, but it said it could no longer set up a repayment plan as a formal demand had been issued the day before. He says he was told he had to pay almost £49,000 or a default would be registered. Mr K says this is unfair as he only missed two payments, and was dealing with a family tragedy at the time. He adds that he is now at risk of losing his home, as his mortgage is shortly up for renewal, and he is willing to pay the arrears in order to avoid the default.

RBS says that, due to arrears, the loan account entered the collections department on 2 April 2025. It says it sent a number of communications, via various means, to ask Mr K to contact the bank. Following this, it says a default notice was issued on 14 July 2025 which asked Mr K to clear the arrears of £1,762.96 or to set up a repayment arrangement before 17 August 2025. RBS says no contact was received so a formal demand was issued on 17 August 2025 which required the outstanding balance of £48,987.64 to be paid before 27 August 2025.

RBS acknowledges that Mr K told it on 18 August 2025 about the family emergency but could not agree it had made any errors. It explained that the loan would be transferred to its Recoveries department if the loan wasn't repaid by 27 August 2025 and that debt collection agency (DCA) would contact him to discuss repayment.

Our investigator did not recommend that the complaint should be upheld. She was satisfied that RBS had acted in line with its arrears policy, that communications were issued appropriately and that it had reported accurate information about the management of the account to the credit reference agencies.

Mr K responded to say, in summary, that:

- RBS failed to send a copy of the terms and conditions of his loan agreement and so it cannot be legally enforced;
- He never received the default notice or formal demand;
- No evidence had been requested regarding his family bereavement or travel arrangements;

- RBS acted unfairly by refusing to allow a repayment plan and threatening to register a default after just two missed payments when he was going through difficult circumstances;
- The consequences of a default put his family home at genuine risk.

### **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.

I have seen Mr K's loan statement and I can see he made his first 11 payments on time between April 2024 and February 2025. Mr K failed to make the payment that was due at the end of March 2025, and RBS sent him the following reminders:

- 6 emails or texts between 3 April 2025 and 13 April 2025;
- 4 attempted calls between 17 April 2025 and 20 April 2025, including two voicemails;
- A further text on 25 April 2025;

Mr K then made April's payment on time before RBS continued to chase the missing payment with:

- A further email and then a letter dated 2 May 2025;
- 8 further emails and texts throughout May 2025;
- A second letter dated 17 May 2025;

The payment due on 28 May 2025 was then also missed and RBS:

- Attempted 8 more calls at the beginning of June 2025 and left 4 voicemails;
- Sent four more texts and emails;
- Sent a third letter dated 23 June 2025;

Although Mr K made June's payment on time, RBS continued to try to contact him by email and text at the beginning of July, until it sent the default notice on 14 July 2025. Although Mr K paid July's instalment on time, RBS received no further contact from him and the formal demand was issued on 17 August 2025.

I have reviewed copies of all the letters that RBS says it sent to Mr K and I am satisfied that they were correctly addressed. I accept that Mr K says he didn't receive the default notice or formal demand, but I can't say RBS has made an error here. Each of the letters gave Mr K various payment options, alongside contact details and links to debt charities.

I also acknowledge that, very sadly, Mr K had to be out of the country between 9 July 2025 and 20 July 2025 due to a family bereavement and I have seen evidence of that. However, once he had settled back in the UK, he did call RBS on 18 August 2025. I acknowledge that this was after the formal demand had been issued, but it's likely that he hadn't yet received it.

At this point, Mr K was two months in arrears and he had been given until 27 August 2025 to pay the full outstanding balance. That said, the formal demand also said, *“Can’t pay in full before 27 August 2025 talk to us now...”*

In the call notes from 18 August 2025, it seems Mr K was initially told he could not set up a payment plan for the arrears as the formal demand had already been sent. However, during the call, Mr K was put on hold for the agent to check the process and the call dropped out. I can see that he called back the following day and was offered breathing space or an option to review his income and expenditure to try to reach an acceptable repayment proposal. However, Mr K did not want his credit file impacted so, instead, he raised a complaint. I consider RBS acted fairly by not demanding full repayment during the call because:

- The call was prior to the due date of 27 August 2025;
- Mr K had only missed two payments at this stage;
- He was continuing to make his monthly payments;
- The formal demand told him to get in touch if he couldn’t repay the full balance;
- The default notice offered a repayment plan as a possible resolution;

However, I also need to take into account what has happened since Mr K’s call on 18 August and whether RBS has acted fairly going forwards:

- Mr K’s August payment was returned unpaid, and whilst he made September’s and October’s payments, no further instalments were received up until the end of January 2026;
- RBS has not registered a default on Mr K’s credit file;
- Mr K’s credit file shows that his loan account was one month in arrears in June 2025, July 2025 and August 2025, but RBS hasn’t reported its status whilst this complaint has been ongoing;
- RBS confirmed to Mr K, during a call on 28 October 2025, that his account remained on hold.

So, based on everything I’ve seen, I am satisfied that RBS has acted reasonably given the ongoing complaint and Mr K’s apparent continued financial difficulties.

With regard to Mr K’s loan agreement, I have seen evidence to show it was sent to him at the time he took out the loan, but that he also asked RBS for a copy in August 2025. RBS should send this to Mr K, if it hasn’t already done so. However, this service cannot comment on the legalities or otherwise of the enforceability of the agreement as that is a matter for the courts and not the Financial Ombudsman Service.

I can, however, come to a conclusion as to whether I find RBS has acted fairly and reasonably in response to Mr K’s complaint about the management of his loan and, for all the above reasons, I find that it has.

Even so, RBS still has an obligation to respond to customers in financial difficulty positively and sympathetically and I note that Mr K has now missed six of his monthly instalments. If Mr K does not consider that RBS acts fairly going forwards, given his current financial

circumstances, then he is entitled to bring a further complaint to this service once RBS has been given an opportunity to address the issues.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 March 2026.

Amanda Williams  
**Ombudsman**