

complaint

Mr M complains that The Royal Bank of Scotland Plc disclosed his details to third parties without his knowledge and permission. He is also unhappy his debt was sold when he already had an arrangement to pay elsewhere.

background

Mr M had a credit card with RBS, which had had an outstanding balance for some time. RBS says Mr M's account was defaulted in March 2013 because of the way in which Mr M had been managing his account.

In 2018 RBS sold Mr M's debt to a debt collection agency I'll call "C". Prior to this point, Mr M had had an arrangement to pay £10 per month to a different debt collection agency I'll call "A". A had been engaged by RBS to recover Mr M's debt on its behalf and had been doing so since 2015.

On 20 June 2018, C wrote to Mr M to tell him that it would start to manage his account and collect his £10 monthly payment. RBS also wrote to Mr M to confirm this and it told him A was no longer managing his account on behalf of RBS.

Mr M wasn't happy with this and complained to RBS that it had given information about his account to A and C without his knowledge or permission. But RBS didn't uphold his complaint because it said it had disclosed his account details to A and C in line with the terms and conditions of his account. So, it said it hadn't done anything wrong.

Mr M brought his complaint to us. And he also told our adjudicator he was unhappy about the bank's decision not to approve his loan application in 2012 so that he could consolidate his credit card debts, which he said, caused his arrears to build up during a period of financial difficulty. Our adjudicator told Mr M that as he'd previously referred that complaint to our service we couldn't look into it again. But he said we could look into Mr M's complaint that his details were passed on to a third party.

After investigating Mr M's complaint, our adjudicator didn't think RBS had done anything wrong. He said RBS was entitled to transfer Mr M's debt and that, when it had disclosed information about his account to A and C, it had acted in line with the account's terms and conditions. But Mr M disagreed and said our adjudicator had overlooked the reason why RBS defaulted his credit card account – which he indicated had been an error. And so he asked for his complaint to be referred to an ombudsman for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I don't think RBS has done anything wrong here. I understand that Mr M will be disappointed with my conclusions so I'll explain why I don't uphold this complaint.

As our adjudicator explained we can't comment on Mr M's complaint about RBS' refusal to provide him with a loan in 2012. Our service already dealt with this complaint in 2015. The crux of the complaint here is whether RBS acted unfairly in transferring Mr M's debt to, and discussing his account with, A and C.

But Mr M has also complained that RBS shouldn't have defaulted his account in the first place. So, I'll focus on this issue first because it led to A and C becoming involved in the management of his debt. Here, RBS said Mr M's credit card was defaulted in March 2013 after multiple instances of late payments and after he'd exceeded his credit limit. It also said that after Mr M missed a payment in February 2013 it decided to revoke his account. I've seen Mr M's credit card statements and these show that in 2012 and 2013 Mr M wasn't managing his account well. I say this because during this period he incurred a number of late payment and over limit fees and he also missed some payments. In view of this I'm not persuaded RBS acted unreasonably in defaulting his account.

I've then gone on to consider whether RBS notified Mr M correctly about his account being defaulted. And I've seen samples letters RBS said it sent to Mr M. Because these letters were sent a long time ago I think this explains why RBS wasn't able to send copies of the actual letters it sent Mr M. But, having also seen the audit trail RBS has provided showing correspondence sent to Mr M, I'm persuaded, that it's more likely that not that RBS sent appropriate letters to Mr M that told him what would happen to his account. This included telling him the default would be reported to credit reference agencies.

In view of how Mr M was managing his account, I can't say RBS acted unfairly when it issued a default here. It was a decision RBS was entitled to take because Mr M wasn't maintaining his account in line with the terms and conditions of his account. And I agree with our adjudicator that RBS followed a fair process by sending Mr M a default notice and asking third parties to help it recover the debt owed by him.

I'll turn now to the second part of Mr M's complaint, which is about RBS passing his debt on to others and discussing his account with them.

Mr M said his debt was sold without his knowledge but I can see that both RBS and C wrote to him to explain this had happened. And because Mr M sent copies of those letters to our service, I'm satisfied he received them. So, I'm not persuaded that he didn't know his debt had been sold to C.

Mr M feels his debt was sold on without his permission. But I'm satisfied RBS sold Mr M's debt in line with the terms and conditions of his account. I'll explain why.

Lenders will generally have the right to sell a debt to a third party in certain circumstances. Here this is set out in the terms and conditions for Mr M's credit card account, which clearly explain that RBS *"may allow any person to take over any of [its] rights and duties"* under this agreement. These also outline when a debt can be transferred. Mr M's said he wouldn't have read these when he took out his credit card. But he'd have had to accept the terms and conditions to proceed with his application before opening the account. They're binding on Mr M so I'd expect him to have read them.

The account terms and conditions also set out the circumstances in which an account can be discussed with others. There's specific reference to RBS being able to disclose customer account information to third parties providing services to it such as debt collection agencies and those who help it to recover debt. And the terms also state RBS *"may give to anyone*

any information” about a customer “in connection with any proposed transfer of, or financial arrangement by reference to, this agreement”.

So while RBS had an obligation to keep information about Mr M's account private, I'm satisfied it was permitted to disclose information about his account to third parties when debts were being transferred for assignment – as it did here. It acted in accordance with the terms and conditions of Mr M's credit card. So, it didn't do anything wrong when it told A about the debt Mr M owed in 2015. It needed to discuss Mr M's account with A so it could set up and manage the repayment of his debt. And it didn't do anything wrong when, in 2018, it disclosed information about Mr M's account with C. It couldn't have transferred Mr M's debt to C without doing so. I haven't seen any evidence that RBS discussed Mr M's account with any third party other than A and C. And Mr M hasn't provided any evidence to contradict this.

I can understand Mr M's frustration that after dealing with A his debt was then sold to C. He had an arrangement with A and he was paying what he'd agreed to pay with this company. It must have been upsetting to Mr M for that agreement to be taken over by another company he hadn't had dealings with before. But, his debt was transferred to C because A went out of business. So, it wasn't unreasonable for RBS to sell Mr M's debt to C in circumstances where A could no longer continue to collect it. And I can see that Mr M hasn't been caused a loss by RBS' decision to sell his debt to C. I say this because he isn't being charged interest on the debt he owes. And C has told Mr M it's happy to continue with the payment arrangement he entered into with A. It follows that I don't think it did anything wrong here.

So while I acknowledge Mr M's strength of feelings about these matters, I'm satisfied that RBS acted fairly and reasonably here. And I don't think it did anything wrong.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 April 2019.

Julie Robertson
ombudsman