

complaint

Mr Q complains that The Royal Bank of Scotland Plc did not renew his overdraft facility. He asks that he is given the chance to repay the overdraft gradually at the same interest rate.

background

Mr Q had a business account with an overdraft facility with RBS. Mr Q's business was affected by circumstances outside his control and turnover reduced. He says instead of being supportive, RBS asked for immediate repayment of his overdraft. Mr Q says RBS has been unreasonable in not accepting his offer of monthly repayments.

The adjudicator did not recommend that the complaint should be upheld. She said:

- RBS is entitled to make a commercial decision whether and on what grounds to lend to a customer – including whether to renew an overdraft. The account did not meet RBS's criteria for the overdraft to be renewed.
- RBS allowed Mr Q to continue to use the account and did not apply interest for a period.
- RBS asked Mr Q to contact it to agree repayment of the debt. As a repayment plan was not agreed, RBS did not act unreasonably in cancelling the informal overdraft and asking for immediate repayment.

Mr Q did not agree. He said RBS had encouraged him to borrow when his business was thriving. He had sold stock to reduce his debts. He does not use the overdraft and only asks that he is allowed to repay the overdraft gradually.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

When Mr Q's overdraft facility expired, RBS reviewed it against its lending criteria. RBS is entitled to make a commercial decision whether to lend to a customer and on what terms. I am not persuaded RBS applied its lending criteria unfairly. So I do not consider RBS made an error or acted unreasonably when it did not renew Mr Q's overdraft facility.

I am satisfied that RBS made Mr Q aware that the overdraft would not be renewed and that he would need to repay the debt. I am also satisfied that RBS did not remove the facility or demand repayment immediately. RBS offered a loan to Mr Q. As Mr Q did not agree to the terms of the loan and no repayment plan was agreed, I do not consider RBS was unreasonable when it issued a demand for repayment of the debt and transferred the account to recoveries.

I appreciate that Mr Q would like more time to repay the debt and continues to make payments to reduce the debt. However, as the debt is due and payable I consider RBS is entitled to ask for repayment.

my final decision

My decision is that I do not uphold this complaint.

Ruth Stevenson
ombudsman