

## **complaint**

Mr and Mrs K are unhappy because the Royal Bank of Scotland Plc says they owe it additional amounts under a loan they took out in 2004. They say they have repaid the loan in full but RBS has not credited their loan with the full amount they repaid.

## **background**

Mr and Mrs K took out a loan with RBS for £25,000 in 2004. The loan was taken over 120 months with a total amount repayable of more than £47,000. Late in 2005 they sought assistance from a debt management company as they were experiencing difficulties repaying their loans. In 2006 they entered a debt management plan. However interest and charges continued to be applied by RBS until December 2009. RBS records show that over £24,000 has been repaid, with some £16,000 still outstanding. In 2012 RBS contacted Mr and Mrs K to inform them £16,000 was outstanding. Mr and Mrs K believed they had repaid the entire loan so asked for a copy of their loan agreement. RBS was unable to provide a copy. As a result it accepts it cannot enforce the debt it says is outstanding in a court. It says, however, that Mr and Mrs K should repay the amount it says is outstanding or face a default and adverse information being placed on their credit files. After involvement from the Financial Ombudsman Service, RBS agreed to refund interest and charges applied after September 2006.

The adjudicator concluded that the total amount of interest that had been waived together with the additional amount RBS has offered to waive (almost £17,000 in total), was fair and reasonable. This would leave around £6,200 outstanding on the loan which he concluded was an accurate balance.

Mr and Mrs K disagree and believe they have met all of their obligations under the loan and the repayment plan.

## **my findings**

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

I have sympathy with Mr and Mrs K who are frustrated that the amount they believed was sufficient to pay off the loan under the debt management arrangement was not in fact sufficient. Equally I note that in the absence of the original loan documentation, RBS feels it will not be able to enforce the loan in a court of law. It has offered to waive interest applied since December 2006, leaving £6,232.34 repayable.

In all the circumstances, I agree with the adjudicator that RBS has acted fairly and reasonably in offering to waive almost £17,000 interest on the loan. I consider this to be positive and sympathetic treatment of customers facing financial difficulties. I am therefore unable to conclude that RBS has acted inappropriately or is at fault in asking Mr and Mrs K to repay the remaining debt. It is also entitled to register information about the debt with the credit reference agencies.

**my final decision**

My decision is that The Royal Bank of Scotland Plc should reduce Mr and Mrs K's loan balance to £6,232.34, in full and final settlement of this complaint.

Zoe Copley  
**ombudsman**