

complaint

Mr O complained that The Royal Bank of Scotland Plc (RBS) didn't pay him all his money when it closed his accounts.

background

Mr O had three accounts with RBS. One was a current account, and two were savings accounts. In 2006, Mr O's current account was in debt by just over £800. The bank sent him a default notice in November 2006, followed by a formal demand in December 2006. When Mr O didn't pay, the bank used its right of set-off. This is where a bank can transfer money from an account in credit, to repay or reduce a debt on another account held by the same customer.

So RBS transferred the money in Mr O's savings accounts to his current account, and closed his savings accounts. This reduced the debt in Mr O's current account, but it didn't clear it. There was still around £670 which Mr O owed RBS. He didn't pay off this debt.

In November 2008, RBS took a commercial decision not to pursue Mr O any more for his £670 debt, and it closed the current account too.

In 2015, Mr O wrote to RBS asking for his money. RBS replied with detailed information about Mr O's balances, and explained the right of set-off meant it could transfer credit balances towards a debt. Mr O wasn't happy and said RBS should have contacted him before closing his accounts. He believed he'd had more money than RBS said. He complained to this service.

The adjudicator didn't agree with Mr O. He explained that RBS had the right to transfer money from Mr O's savings accounts to put towards Mr O's debt – and the bank doesn't have to ask Mr O's permission first. The adjudicator said it would have been reasonable for Mr O to contact RBS sooner if he believed he had money with the bank.

Mr O wasn't satisfied. He said he had more money in the accounts than RBS said. He wanted to see bank statements for the three accounts, showing activities which led to the closure of his accounts without his consent and without any reason.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

First, it's correct that a bank has the right to transfer money from a customer's account which is in credit, to go towards a debt that customer has on another account. The bank doesn't have to get the customer's permission to do this. In fact, I note that RBS did send Mr O a default notice, and also a formal demand, in late 2006. It doesn't change the bank's right to use set-off that Mr O said he never received these.

The conditions for using set-off were met in Mr O's case. The accounts were in his name, and he had a debt which he wasn't paying back. So RBS was allowed to transfer the money to Mr O's debt, and allowed to close his savings accounts.

Mr O doesn't believe the figures which RBS gave him, and thinks he had more money than RBS said. So he wants copies of his statements. These closures took place a long time ago, and banks aren't required to keep documents for ever. RBS told Mr O this, in its letter in February 2016. The bank said it couldn't give copy statements, but it could provide a print-off from its records. As far as I'm aware, Mr O didn't contact RBS to take up this offer.

I have seen the print-off of Mr O's accounts. And they do show the figures which the bank said Mr O had. It's surprising that Mr O didn't contact RBS for many years, if he thought he still had money there. And in fact, he still owed the bank around £670, until the bank gave up on ever being able to get its money back from Mr O.

So I don't uphold Mr O's complaint.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 3 May 2016.

Belinda Knight
ombudsman