complaint

Mr and Mrs D complain that The Royal Bank of Scotland Plc didn't treat them correctly when they had money troubles. Further they say when they changed their minds about taking out a consolidation loan they were told they couldn't cancel it. They'd like compensation and an apology from RBS.

background

Mr and Mrs D through no fault of their own were going through a difficult time with their finances. They went to RBS for help. They wanted a temporary reduction of their loan repayments. They felt this would've given them the bit of breathing space they needed to sort themselves out.

But instead RBS offered them a consolidation loan - that is a loan to pay off all their debts, (the original loan, an overdraft and their credit card balance). Mr and Mrs D didn't want this consolidation loan but agreed - with great reluctance - to take it. Then they went away to think about it some more. They said having talked it through they decided to reject the consolidation loan and were shocked to find that they had no "cooling off" period and couldn't reinstate their old loan. They explained they felt they'd been coerced into accepting a loan that they didn't want and this wasn't fair. And they were also unhappy that the new loan had a higher interest rate than the old one.

RBS said it didn't happen like this at all. It said it went through Mr and Mrs D's options with them. They agreed that the consolidation loan would be the best way for them to get back control of their debt. It said Mr and Mrs D did have a cooling off period as was made clear in the consolidation loan document they signed. But by the time they'd changed their mind the cooling off period had passed and some of the money had been spent to pay off the other debts and couldn't be got back. That is why it continued with the consolidation loan. But it said this didn't mean it had forced anything on Mr and Mrs D. Rather it thought that in the circumstances it had done all it could to help Mr and Mrs D through a challenging time. It didn't agree that it should compensate them or apologise.

Mr and Mrs D and RBS couldn't agree a way forward. So Mr and Mrs D came to us and asked us to look at everything that had happened.

Our adjudicator could see that Mr and Mrs D had been struggling with their debt. And she pointed out that RBS was obliged to respond in a positive and sympathetic way in these circumstances. But she said she thought that the bank had behaved correctly. And she didn't think it likely that Mr and Mrs D had been given inaccurate information about their right to withdraw from the consolidation loan.

For all of these reasons our adjudicator didn't recommend upholding this complaint.

RBS accepted this recommendation. Mr and Mrs D didn't and asked that an ombudsman review their complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm sorry to tell Mr and Mrs D that I've

finished reviewing their complaint and I'm not upholding it. I explain below why I've reached this conclusion.

It's clear to see that Mr and Mrs D have been having a very bad time. They describe in great detail how precarious their financial situation was and the many steps they took to try and put things right. And they were and are entitled to expect that RBS would assist them. I know that they don't see it this way but I think RBS did step up and do what it should've done here. Its records show it did look at their circumstances and come forward with a solution – the consolidation loan – that made their debt easier to manage than it would've been. This is because after they took out the consolidation loan they only had that one debt to deal with instead of several debts with different repayments and terms and conditions.

Further I don't see that it was wrong for RBS to apply a higher rate of interest to the consolidation loan than was on the original loan. RBS is entitled to use its commercial judgement when setting interest rates. And if Mr and Mrs D didn't want to pay this interest rate they could have refused it and tried to get finance from a different provider.

Mr and Mrs D say things would've been better for them if they'd just gone back to the original loan. But I don't see how that could be so since they tell us they couldn't afford the original loan payments. They've even said paying the original loan payments might have led to them not being able to afford to eat.

Neither do I think it is likely that RBS told them they had no cooling off period. The loan document they signed sets out their rights to cancel the loan. And they've not said they didn't see or understand this document. And I don't think it is likely that if they'd wanted to exercise their rights to walk away from the loan in the cooling off period RBS would've have refused them. Mr and Mrs D say this is what happened because "*background bureaucrats*" in RBS wanted to score "*brownie points*". But I don't see how anyone in RBS had anything to gain from forcing their customers to accept an unsuitable loan.

In any event even if it was in Mr and Mrs D's best interests to go back to the old loan, which I don't accept, it seems this wasn't possible. Because RBS tells us the money from the consolidation loan had already been spent and so all it could've done was set up a new loan. This appears to be a reasonable explanation and I don't think it's fair to say RBS should've done something that was not possible.

It follows that for all of these reasons I don't think it is fair or reasonable to ask RBS to take any further action.

my final decision

My final decision is that I don't uphold Mr and Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 1 February 2016.

Joyce Gordon
ombudsman