

complaint

Mr B complains that The Royal Bank of Scotland Plc (“the bank”) continues to hold him liable for an outstanding balance on his credit card.

background

Mr B used his credit card to make a payment to a merchant. He had originally tried to pay this merchant by cheque, but when the cheque went missing he used his credit card instead.

Eventually the cheque was found and cashed, and the merchant refunded it on the basis that it had received double-payment. Mr B did not pay this money back to his credit card. To date he has not made any payments toward the card balance, resulting in default and the adding of interest and charges to the sum owed. In addition, an annual renewal fee for the card has also been applied to the account.

Mr B complained to the bank, but its position was that he had had the benefit of the spending on the card, and that when the cheque was refunded to him he chose not to pay it back into the account, so he was liable for the sum owed. In relation to the interest and charges, the bank’s position is that these were legitimately incurred as Mr B was failing to make repayments to his card debt. Finally, Mr B had not notified the bank that he did not wish to renew his card, hence the renewal fee was validly applied. Due to each of these reasons the bank said that it would continue to hold him liable for the debt, and was unable to consider removing the adverse information from his credit file.

Mr B complained to this service. Our adjudicator, having considered all of the evidence and submissions from both parties, concluded that the bank was entitled to hold Mr B liable for the credit card debt, and that the complaint could not be upheld.

Mr B sought referral to an ombudsman.

my findings

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

Having done so, I am satisfied that our adjudicator’s decision not to uphold the complaint was correct. I say so for the following reasons:-

- The debt was genuinely incurred by Mr B, and that is not disputed. He is therefore liable for repayment of the debt in the absence of an alternative agreement with the bank.
- Mr B had the opportunity to either fully or partly repay the debt when he received the money back from the cheque, but he chose not to do so.
- In failing to make any repayments to the balance, Mr B put himself in a position where interest and charges could be legitimately added by the bank. This in accordance with the terms and conditions governing his credit card account.
- I have seen no evidence showing that Mr B notified the bank that he didn’t want to renew the credit card. On the contrary, Mr B’s subsequent attempt to use his card to make a store purchase indicates that he did not wish or intend for his card account to be closed.

- Mr B cannot simply choose how much he wishes to repay towards his legitimate debt and expect the bank to agree. The full debt remains his responsibility unless he can agree an alternative solution with the bank.
- The bank is required to record accurate information on how Mr B's account has been managed on his credit file, and in this case that information has been correctly recorded.

In summary, I am not persuaded that the bank has done anything wrong in this case. I believe that it is entitled to hold Mr B liable for the full sum now owed, and can take steps to seek to recover that from him. In relation to Mr B's credit file, I am satisfied that the adverse information has been correctly and fairly recorded. This could have been avoided by Mr B properly servicing his debt, which in my view he chose not to do. The record of this on his credit file is the consequence of this, and I don't think the bank is wrong or unreasonable in its position in this respect.

my final decision

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

Ashley L B More
ombudsman