

## **complaint**

A director, Mr D, has raised a complaint on behalf of his company, which I'll call P Ltd.

P Ltd's concerned that Clydesdale Bank plc ("Clydesdale") sold its debt to an unregulated lender.

## **background**

P Ltd had an overdraft with Clydesdale until June 2015, when the debt was sold to a different lender. Clydesdale had told it the sale was taking place when it wrote to P Ltd in May 2015.

Mr D complained that Clydesdale hadn't complied with the terms and conditions of the account, and that it didn't carry out proper checks before agreeing to the sale. He believes the sale has led to P Ltd being forced to pay additional costs, including higher interest payments.

Our adjudicator looked into P Ltd's complaint, but didn't think Clydesdale had done anything wrong. He said the terms of P Ltd's account allowed it to sell the debt the way it did.

Mr D didn't agree. He told us he still believed Clydesdale had acted unlawfully as the debt purchaser went on to change the terms and conditions, which Clydesdale had said it wouldn't do.

## **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 can see Mr D feels strongly about what's happened, and I can understand why. But I need to decide whether Clydesdale's done anything wrong.

It explained to us that the debt purchaser didn't buy an active current account from it. Instead it took ownership of the debt that had been owed to Clydesdale. So Clydesdale was correct to say this meant the purchaser didn't need to be regulated by the Financial Conduct Authority, and that business lending of the type in question didn't fall within the various regulations.

There's some dispute as to whether Clydesdale complied with clause 6.2 of the terms and conditions governing the account. This clause is concerned with the sale of the debt. While I'm sorry to disappoint Mr D, I don't think Clydesdale has misinterpreted how the clause is intended to operate.

The clause says Clydesdale can transfer its rights and obligation to any other entity that's regularly involved in purchasing debts, amongst other things. And I think the debt purchaser in this case falls within this description.

I've also considered whether Mr D's allegations that the debt purchaser hasn't honoured the terms and conditions mean Clydesdale acted incorrectly. While Clydesdale told P Ltd the terms of the lending would remain the same, even if the purchaser has departed from this – and I'm not saying whether it has or not – I can't say this is Clydesdale's fault. This is

because it doesn't have any control over how the debt purchaser acts after it's taken on responsibility for the debt.

**my final decision**

My final decision is that Clydesdale Bank Plc doesn't need to take any further action to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P Ltd to accept or reject my decision before 3 January 2017.

Ashley L B More  
**ombudsman**