

complaint

Mr M complains that The Royal Bank of Scotland plc (RBS) have passed his debt to their recoveries department. Mr M thinks that RBS should have told him that this would happen after his third payment arrangement was broken.

background

Mr M switched his RBS current account to a different bank. But he still had an outstanding debt with RBS. RBS have explained they are not able to receive electronic credits from another bank to reduce this debt, so he needs to contact them on the same day each month to make payments. Mr M's not able to visit a branch in person, so calls RBS to make his payments.

There are occasions when he's kept on hold for long periods of time and hangs up without making the payment. Mr M has told us that these wait times are the reason for his arrangements being broken.

He's also told us that he didn't always receive letters or texts from RBS as a reminder to make his payments. He says the first he knew of his debt being passed to recoveries was following the third missed payment. Mr M thinks it's unfair that he was not explicitly told that his debt would be passed to recoveries after three broken payment arrangements.

To put things right, he wants the opportunity to set up another payment arrangement, without having the account defaulted, or having to repay the entire balance.

RBS have said that it's not their policy to explicitly advise customers that their debt will be passed to recoveries following three broken arrangements. They've also said that, whilst they're understanding of the time Mr M has spent on hold, they can't control how many customers are calling through at any given time. Whilst they don't think they've done anything wrong, they've offered to refund £100 of charges as a gesture of goodwill to Mr M.

One of our investigators looked into what had happened, but didn't think RBS had done anything wrong. As Mr M disagrees, his complaint has been passed to me.

my findings

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

Mr M doesn't think he was told what would happen if his payment arrangements were broken. I can see that three payment arrangements were set up, and all three arrangements were broken due to missed payments. Once the third arrangement is broken, RBS' internal policy states that the customer is required to clear the debt in full or the account will default. I've also looked at correspondence sent to Mr M from RBS regarding this debt and I can see that formal demand letters were issued on 6 March 2018, 12 May 2017 and 1 August 2017 - and a default notice was issued on 27 January 2017. I've also listened to the call between Mr M and RBS on 21 August 2017 where the customer representative advises Mr M of the likely actions if payment is not received. I'm satisfied that all these letters and this call inform Mr M that the outstanding balance needs to be paid in full, and that failure to do so may result in them instructing debt collection agents to recover the monies owed.

Based on these letters and this call, I think RBS took the necessary steps to inform Mr M that full payment is required unless alternative arrangements are made for repayment by a specific date.

I've also considered Mr M's comments regarding his belief that his account would be frozen whilst his complaint was investigated by our service. Having listened to the call between Mr M and RBS where this is discussed, I don't agree that RBS told Mr M that this would happen. Rather, they said that Mr M's account would continue to progress through the default process and that, once our service had made a decision, the bank would take any necessary action.

So I can't see that RBS have done anything wrong in passing Mr M's debt to their recoveries department. That said, I do have sympathy for the lack of ease Mr M has encountered in trying to make payments on the phone with such long hold times. However, I consider RBS's offer of £100 gesture of goodwill to be a fair way of recognising this inconvenience.

my final decision

I'm aware that The Royal Bank of Scotland plc has made an offer to pay £100. I conclude that such an offer is fair and reasonable in all the circumstances. My decision is that The Royal Bank of Scotland plc should pay Mr M £100, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 August 2019.

Rebecca Kemp
ombudsman