

complaint

Mr and Mrs W complain about the actions of Clydesdale Bank Plc (trading as Yorkshire Bank) in connection with a £170,000 business loan to a limited company (W).

background

Mr and Mrs W are directors of W. In July 2007 the bank agreed to lend W £170,000 to develop a piece of land. But the development ran into difficulties around the time the developer became insolvent.

Yorkshire says the loan matured in September 2012. So it needed to be repaid in full at that time. But it wasn't. Yorkshire hasn't been able to provide a copy of the loan agreement. So the terms and conditions of it aren't clear.

After it demanded repayment of the loan, Yorkshire gave Mr W information in branch to suggest that the loan wasn't repayable until November 2018. Mr W told us that W acted on this information, and increased its borrowings. But he didn't provide us with evidence to support this.

Yorkshire says that the branch mistakenly gave Mr W a print out that was only intended for internal staff use. The November 2018 date didn't refer to the maturity date of a loan. So it hasn't offered Mr W any compensation for the inconvenience caused.

Our adjudicator thought that Mr W was entitled to rely on the information he was told in branch. And she could see that monthly payments towards the loan were paid after this. So she said Yorkshire should roll the loan over until November 2018, and pay £500 compensation for the distress and inconvenience caused.

Mr W accepted this. But the Yorkshire didn't. It has started legal proceedings to recover the land it took as security for the loan – land owned by Mr and Mrs W. Those proceedings have been stayed until this complaint is decided. So I've been asked to review this complaint.

Mr W has also complained about the advice Yorkshire gave him in relation to an interest only mortgage on another piece of land. Another ombudsman has issued a final decision in relation to that complaint.

my provisional decision

I issued a provisional decision on this complaint. In my provisional decision I said that Yorkshire accepts that Mr W visited a branch and was given a print out that said the loan matured in November 2018. But it says the print out was an internal system note and shouldn't have been issued to him.

Having considered the available evidence, I couldn't see that Mr W acted to his detriment as a result of this. I thought Mr W knew the loan hadn't been rolled over until November 2018 - in other words, that he knew the November 2018 maturity date in the print out was incorrect. That's because Mr W has told us that Yorkshire told him that the loan was maturing in late 2012. And the bank hadn't agreed for it to be rolled over despite requests to do so.

In the circumstances, I didn't think it would be fair for me to require Yorkshire to roll the loan over until November 2018.

But I could see that Yorkshire has accepted that its customer service has been poor. Given the impact of the matter on Mr and Mrs W, I thought that Yorkshire should pay them £500 for giving them incorrect information in branch, and the poor customer service they were given.

Yorkshire didn't respond to my provisional decision. But Mr W told us he wasn't happy with it. He thinks I've taken Yorkshire's side without any evidence. He has confirmed that he didn't borrow any more money after he was told about the November 2018 date. But he says there was no loan agreement so the end date of the loan wasn't clear.

my findings

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

loan agreement

I appreciate that Yorkshire hasn't been able to provide a copy of the loan agreement. So the terms and conditions of it (including the end date) aren't clear. But that doesn't mean that I think it would be fair for me to require Yorkshire to roll the loan over until November 2018. To come to that conclusion I would have to be satisfied that when the loan was agreed the end date envisaged by W and the bank was November 2018, or that W acted to his detriment when he was told that the end date was November 2018. I'm not persuaded that either of those options applies. I can't see that a November 2018 end date was mentioned until Mr W was given the print out in branch. And Mr W has confirmed that he didn't borrow more money after he was told about the 2018 end date.

customer service

Neither Yorkshire nor Mr W and Mrs W have come back to me to say that the £500 I've suggested that Yorkshire should pay for its poor customer service is unfair. In the circumstances I remain of the view that £500 is fair and reasonable given the impact of Yorkshire's poor customer service on Mr and Mrs W.

other issues

Mr W has told us about a number of other issues he has with Yorkshire. These are related to what happened. But these aren't about the main crux of this complaint as described above. So I haven't considered them further in this decision.

my final decision

My final decision is that Clydesdale Bank Plc (trading as Yorkshire Bank) should pay Mr W and Mrs W £500 to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 11 April 2016.

Laura Forster
ombudsman