

## **Complaint**

Miss D has complained that The Royal Bank of Scotland Plc (“RBS”) unfairly continued applying charges to her overdraft when she was in financial hardship.

## **Background**

I attach my provisional decision of 8 July 2021, which forms part of this final decision. In my provisional decision, I set out why I was intending to uphold Miss D’s complaint and invited both parties to make any final comments ahead of my final decision.

Following this, RBS didn’t provide anything further for me to think about or ask for any additional time to do so. Miss D responded to confirm that she accepted my decision and that she had nothing further to add.

## **My findings**

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

I set out in some detail why I intended to uphold Miss D’s complaint in my provisional decision. And, in the absence of anything further from either party, I see no reason to change my conclusions.

So having carefully considered everything, I’m still upholding Miss D’s complaint.

## **Fair compensation – what RBS needs to do to put things right for Miss D.**

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Miss D’s complaint for RBS to put things right by:

- Reworking Miss D’s current overdraft balance so that all overdraft interest, fees and associated charges (this doesn’t include any packaged account fees) applied to it from December 2013 onwards are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made RBS should contact Miss D to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Miss D’s credit file, it should backdate this to December 2013.

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Miss D along with 8% simple interest† on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then RBS should remove any adverse information from Miss D’s credit file.

† HM Revenue & Customs requires RBS to take off tax from this interest. RBS must give Miss D a certificate showing how much tax it has taken off if she asks for one.

**My final decision**

For the reasons explained above and in my provisional decision of 8 July 2021, I'm upholding Miss D's complaint. The Royal Bank of Scotland Plc should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 23 August 2021.

Jeshen Narayanan  
**Ombudsman**

## **COPY OF PROVISIONAL DECISION**

### **Complaint**

Miss D has complained that The Royal Bank of Scotland Plc (“RBS”) unfairly continued applying charges to her overdraft when she was in financial hardship.

### **Background**

Miss D also complained about the sale of a packaged bank account. But we’ve already looked at that case and provided an answer. So this decision is only looking at her concerns regarding the overdraft charges applied to her account.

### **My provisional findings**

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

RBS will be familiar with all the rules, regulations and good industry practice we consider when looking at whether a bank treated a customer fairly and reasonably when applying overdraft charges. So I don’t consider it necessary to set all of this out in this provisional decision.

Having carefully considered everything provided, I think RBS acted unfairly when it continued charging overdraft interest and associated fees from December 2013. By this point, it was evident Miss D was in financial difficulty. A cursory look at her statements leading up to this period shows that she’d been hardcore borrowing – in other words spending extended periods in her overdraft without seeing a credit balance. And the income going into the account – which was primarily made up of benefits – didn’t indicate that there was a prospect of the overdraft being cleared within a reasonable period.

So I think that by December 2013 RBS should have stopped providing the overdraft on the same terms and treated Miss D with forbearance rather than adding even more interest, fees and charges on her overdraft.

All of this means that RBS should have realised that Miss D was experiencing financial difficulty and offered her assistance. As RBS didn’t react to Miss D’s account usage and instead continued charging in the same way, I think it failed to act fairly and reasonably.

Miss D ended up paying additional interest, fees and charges at a time when she was already experiencing difficulty. So I’m intending to say that Miss D lost out because of what RBS did wrong and that it should put things right.

### **Fair compensation – what I’m intending to say RBS needs to do to put things right for Miss D.**

Having thought about everything, I’m intending to issue a final decision saying that it would be fair and reasonable in all the circumstances of Miss D’s complaint for RBS to put things right by:

- Reworking Miss D's current overdraft balance so that all overdraft interest, fees and associated charges (this doesn't include any packaged account fees) applied to it from December 2013 onwards are removed.

AND

- If an outstanding balance remains on the overdraft once these adjustments have been made RBS should contact Miss D to arrange a suitable repayment plan for this. If it considers it appropriate to record negative information on Miss D's credit file, it should backdate this to December 2013.

OR

- If the effect of removing all interest, fees and charges results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Miss D along with 8% simple interest† on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then RBS should remove any adverse information from Miss D's credit file.

† HM Revenue & Customs requires RBS to take off tax from this interest. RBS must give Miss D a certificate showing how much tax it has taken off if she asks for one.

### **My provisional decision**

For the reasons I've explained, I'm intending to uphold Miss D's complaint and tell The Royal Bank of Scotland Plc to put things right in the way I've set out above.

So unless the comments and evidence I get by 22 July 2021 changes my mind, that's what I'll tell RBS to do in my final decision.

Jeshen Narayanan  
**Ombudsman**