

complaint

Mr B complains that Bank of Scotland plc ("the bank") loaned to him irresponsibly, and that it has been wrong to continue to chase him for the debt, and then to sell his debt on to a collections agency.

background

Mr B took out a loan with the bank in 2006 over a seven-year term. He was able to keep up with his repayments without incident until 2010 when he became unemployed. At that point he believed that his PPI policy should have covered him for the remaining balance.

The PPI issue has already been dealt with by this service in a separate complaint, and therefore I don't intend to go into it in this decision other than to say that it wasn't upheld, and as such the loan balance remains Mr B's responsibility.

In July 2010 the account defaulted, and in February 2011 the account was closed and passed to recoveries. A default was then registered on Mr B's credit file, and interest and charges were frozen indefinitely. In November 2013 the debt was sold on to an external debt collection agency. This agency has continued to pursue Mr B for the debt.

Mr B complained to the bank, who replied that the loan had been affordable when it was taken out, and that it continued to be so for four years until Mr B's circumstances had changed. It also confirmed that it had followed all the correct procedures in defaulting and then closing his account, and thereafter passing it to recoveries and then selling on the debt, as it was entitled to do. On this basis, the bank wasn't able to write-off the debt, or to offer any compensation.

Mr B then complained to this service, and our adjudicator considered all of the submissions and concluded that the bank hadn't done anything wrong. He found that it hadn't been irresponsible in its lending to Mr B, and it hadn't been wrong to default his account on long term non-payment, and then to sell on the debt. On this basis he didn't uphold the complaint.

Mr B didn't agree, and 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 share the same opinion as our adjudicator, which is that the complaint can't be upheld as the bank hasn't actually done anything wrong.

The bank had a duty to respond positively and sympathetically on becoming aware of Mr B's financial difficulties, and I do see that it contacted him in 2010 to see what repayments he could afford. As a result of the information Mr B was able to give regarding his ongoing ill-health, and the effect of this on his job prospects, the bank took the view that a repayment plan was unlikely to succeed, and so it proceeded with a default. In the circumstances I think this was the right thing to do, and all interest and charges were suspended from that point on.

Mr B does have my sympathy for his change of circumstances which led to him defaulting on his loan, but the fact remains that he is responsible for repayment of the debt, unless he is able to agree something with the agency now seeking to enforce that debt. The bank is no longer involved in this issue, and I can't compel it to do anything in this respect.

For these reasons I don't intend to uphold the complaint.

my final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 15 January 2015.

Ashley L B More
ombudsman