

## **complaint**

Bank of Scotland plc sold Mr E's account to a debt collection agency. It later told him it had sent the wrong figure, but it had put it right.

Mr E is complaining because he wants:

- more compensation than Bank of Scotland has given him, and
- the details changed on his County Court Judgment (CCJ).

## **background**

Mr E opened an account with Bank of Scotland in November 2010.

The amount Mr E owed increased. In November 2012, Bank of Scotland closed Mr E's account and applied a default to his credit file. In November 2014, Bank of Scotland sold the account to a debt collection firm. The balance Mr E owed was £3,254.15.

In early 2019, the bank carried out an internal review of accounts which had previously been with its Collections team, including Mr E's. It wrote to Mr E, and said that on 30 May 2012, Mr E had set up a repayment plan with the bank's Collections team. But the bank explained that by that time, it was clear Mr E's financial difficulties weren't short term. So Bank of Scotland said it should have started the closure process at that point, instead of setting up a repayment plan. It told Mr E that, if it had done that, Mr E wouldn't have been charged a further £887 in fees.

So Bank of Scotland refunded £887, which it sent to the debt collection firm to reduce the balance Mr E owed. And it sent Mr E £100 compensation.

Mr E complained to Bank of Scotland. The bank didn't uphold his complaint. It explained the actions it had taken. And it told Mr E that his debt was now payable to the debt collection firm. So he'd have to go to them about the amount which showed on his CCJ.

Mr E wasn't satisfied and complained to this service. He told us the amount Bank of Scotland had sold to the debt collection agency was wrong, because it had overcharged him for defaults. He believed he was due more compensation. Mr E also wanted the details changed on his CCJ.

The investigator didn't uphold Mr E's complaint. He said he could understand Mr E's frustration that the amount sold had been wrong by £887. But Bank of Scotland had put it right by sending that amount to the debt collection agency to be taken off Mr E's debt. And he thought the £100 compensation which Bank of Scotland had paid Mr E was fair and reasonable. He explained that the £887 Mr E had been overcharged wouldn't have affected his creditworthiness to a great extent, consider the amount Mr E had outstanding.

Mr E didn't agree. He still felt he was owed more compensation. He said he'd seen on our website that if a bank treats a customer unfairly on more than one occasion, compensation would be at a higher level. He said that Bank of Scotland had treated him unfairly repeatedly, by speaking to him monthly but then adding charges which he was forced to accept. He was also unhappy that Bank of Scotland had increased his lending limit, and he said this had caused him distress ever since.

## my findings

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

After Bank of Scotland carried out its review of accounts which had previously been with its Collections team, it paid £887 to the debt collection agency to reduce Mr E's balance. As I've set out above, the reason the bank did this was that it thought it should have closed Mr E's account earlier than it did, because there wasn't a reasonable chance that he would meet the repayment plan which was set up. I find that Bank of Scotland acted fairly in doing this, and that it corrected the issue.

What Mr E has complained about is the £100 compensation he received, and the details on the CCJ which the debt collection agency registered against his name. I've looked at the compensation issue below. But I can't consider Mr E's complaint about the CCJ. That's because it was the debt collection agency, not Bank of Scotland, which registered that judgment, and he'll need to complain to that organisation.

On compensation, I've considered Mr E's arguments that he should receive more than the £100 which Bank of Scotland paid him.

Mr E has seen that our website says that if a bank treats a customer unfairly on more than one occasion, compensation is at a higher level. But there was only one occasion when Bank of Scotland discussed a payment arrangement with him and put this in place, when it later felt it should have closed his account and sent it to the debt collection agency instead. That took place on 30 May 2012.

Mr E has said that Bank of Scotland contacted him every month, so he says that was multiple occasions. But contacting Mr E every month doesn't mean the bank made the May 2012 mistake every month – it was a different matter. What the bank was doing was speaking to Mr E about his debt. It was entitled to do this, and it was also entitled to charge him fees. That was set out in the terms and conditions of his account, which I've seen.

What Bank of Scotland did wrong, in May 2012, wasn't that it overcharged or wasn't entitled to charge these fees each month. What it did wrong was that it didn't close Mr E's account and sell it to the debt collection agency as early as it should. By not giving up on Mr E in May 2012, and letting the account run on, there were more months when the fees were debited. Those fees were debited in line with the terms and conditions, but as the account ran on for longer, more months of fees happened before the account was closed and sold. It's these fees which the bank paid to Mr E's account with the debt collection agency. And the bank only made this mistake once.

Mr E has also said he was also unhappy that Bank of Scotland increased his lending limit. The bank's final response letter explains that the reason it did this in May 2012 was that it needed to increase the temporary overdraft limit in order to set up the repayment plan it was offering Mr E as a last chance before closing his account. As Mr E's account was already an *"unarranged overdraft"* this was the only way the bank could set up the repayment plan. I accept this argument. I don't consider it was irresponsible lending, but a way to be able to set up the repayment plan in the hope it would help Mr E get back on track.

I've considered whether £100 was fair and reasonable compensation for the distress and inconvenience the bank's error caused Mr E, and I find that it was. So I don't uphold Mr E's complaint.

**my final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 15 August 2019.

Belinda Knight  
**ombudsman**