

complaint

Ms J complains that in 2009 The Royal Bank of Scotland Plc ("RBS") had given her a loan that they should have known that she couldn't afford and that she received a poor level of service when she tried to raise her concerns with them in September 2017.

background

Ms J first started borrowing from RBS in 2006. Over the next couple of years she continued to borrow and set up several refinance arrangements to pay off her loans. In 2008 RBS gave her a new loan to consolidate the existing loan of £18,000 along with some debts from other companies. The new loan was to consolidate all her existing debts so that she would only need to make one loan repayment every month.

Soon after taking out the loan Ms J began experiencing financial difficulties and found it hard to make the payments. She approached an organisation that helps people with debt ("P") and they arranged a payment plan for Ms J with RBS. But Ms J's account defaulted in 2013 for not making her loan payments.

In 2016 P helped Ms J arrange a new repayment plan with RBS and payments were successfully made until November 2016. P then had difficulties making the payments, even though Ms J had enough money to make them. In August 2017 Ms J wrote to RBS asking for a copy of the loan agreement and a list of all the payments she made to the loan. She followed this with a complaint that it should never have given her the loan as it wasn't affordable and wanted RBS to write it off.

RBS responded to her complaint. They didn't accept that they had acted irresponsibly in making the loan. In line with their procedure, they had carried out an affordability check which had indicated that Ms J could afford to meet the repayments. They apologised for their lack of response in sending her the information and offered a payment of £20 for the inconvenience. Ms J accepted the £20 but was generally unhappy with their response. She also said she was unhappy that she'd been contacted by a third party collection agent ("W") that was asking her to make payments. In January 2018 she contacted our service.

Our adjudicator advised Ms J that we couldn't investigate her complaint about the irresponsibility of RBS giving her the loan in 2008. This was because it was outside the time limit in which the ombudsman can consider a complaint. Ms J accepted this decision. However she was advised that we would look into her complaint about the service she claimed to have received from RBS. Ms J accepted this.

The adjudicator decided that RBS hadn't responded to Ms J's complaint in a timely manner and recommended that they pay Ms J £100 in compensation and RBS agreed. But they didn't think that RBS needed to do any more. Ms J didn't accept this and asked for her case to be reviewed by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. There are a number of different points that Ms J has raised here. I've focused on what I think are the material issues and, for clarity, I've broken down my findings below.

RBS' lending decision

Our adjudicator has explained to Ms J that her complaint about the sale of the loan has been made outside of the time limits that mean we can consider it. As everyone agrees that this is the case, I won't go over that here as a part of this decision.

missing payments

I realise that Ms J feels very strongly that RBS are to blame for the payments from P that didn't reach her account. I've seen what she's sent us and carefully considered what she's said about this. But RBS have provided clear and consistent information to show that they didn't receive any payments. The payment details P was using appear to have remained the same and nothing seems to have changed, so I can't see why RBS would've had any issues with processing these payments. I realise that Ms J has provided some information from P that suggests that RBS refused the payments, but that's not reflected in RBS's records as I'd expect it to be if this were the case.

So where this information is contradictory I have to make my decision on what I think is more likely than not to have happened here – on balance. And here, I don't think that RBS refused these payments. I say this as there's no information to show that's the case from their records and I'm not persuaded that the information Ms J has sent shows that RBS are at fault here.

I'd also add that it looks like P told Ms J that her payments weren't being received by RBS in November 2016, but she didn't contact it until June 2017. I can't see that Ms J contacted RBS about this to try and make the payments in a different way though.

appointing third party agents

It's not unusual for a large organisation like RBS to use agents like W to collect debts for them. RBS was entitled to make this decision as a business. Here, W was collecting the debt on RBS' behalf – it hadn't bought the debt and didn't 'own' it. There was an issue with the amount that W told her was outstanding, but I've seen that RBS clarified this and confirmed the correct amount.

Because of the situation with the payments, RBS did then sell the debt to another agent, who does now own it. Ms J wants to find a way forward with the debt and to be able to make payments to it. I'd urge her to remain in contact with this agent that's currently asking her for payment. Agents like this tend to be more flexible with what they can accept as payment, so hopefully she'll be able to come to an agreeable way forward with it.

credit file

Ms J has also mentioned that she's unhappy that information about this debt being recorded on her credit file. I realise why this is, however businesses are entitled to record information about the conduct of accounts in this way. They are obliged to ensure that the information is accurate. Ms J has only provided limited extracts of her credit file – so it's not clear what she's specifically unhappy with.

While I understand that recording what's happened with this account may have an impact on her. As long as it's accurate, it wouldn't be fair for me to tell RBS to change how this is being recorded by it or the agents appointed to deal with the debt.

information about the loan

Ms J asked for information about her loan in August 2017 but only received part of it. She complained about this in September 2017 and again asked for the information. RBS didn't respond and didn't send her the information. RBS only responded when she chased them up in November 2017 after she had been contacted by W. At that time RBS admitted that they couldn't find her original complaint and asked her to send them a copy.

So, overall here, I think RBS' communication was not as timely or as clear as it could have been. They have accepted that their handling of Ms J's information request and subsequent complaint was poor customer service on its part. Had they provided this earlier, then Ms J would've known how much she owed and this would've alleviated her concerns about this and the contact from W. It took the intervention of the adjudicator before she received the full information that she had requested.

RBS has apologised for this and offered £100, in total, for the trouble and upset caused. I think that, on balance, RBS' offer of compensation is fair and reasonable in the circumstances. It recognises the upset caused by their handling of the situation surrounding the information request and the confusion caused.

my final decision

For the reasons I've explained my final decision is that I uphold this complaint. The Royal Bank of Scotland Plc should pay Ms J compensation of £100 in total for the distress that its poor customer service caused her.

The Royal Bank of Scotland Plc must pay the total compensation within 28 days of the date on which we tell it that Ms J accepts my final decision. If it pays later than this, it must also pay interest on the unpaid compensation from the date of my final decision until the date of payment at 8% per year simple

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 28 April 2019.

Constantia Pennie
Ombudsman

* If RBS considers that it's required by HM Revenue and Customs to take off income tax from that interest, it should tell Ms J how much it's taken off. It should also give Ms J a certificate showing this if she asks for one, so she can reclaim the tax .