

complaint

Mr T complains that The Royal Bank of Scotland Plc did not explain to him that agreeing a long term repayment plan would result in his account being defaulted, causing an adverse credit rating. He wants the adverse credit marker applied to be removed.

background

Mr T was in financial difficulties in late 2011 and contacted RBS as he wanted interest and charges to be put on hold. He was given the option of a short or long term repayment plan. He chose long term and was informed that interest would be frozen. He was also told that this would result in the account being defaulted and terminated by RBS. The impression given in the call was that this would be immediate. In fact the process, which RBS followed, was a default letter, then 21 days later, a termination letter, followed 28 days later by registration of the default. In Mr T's case the default should have been registered in December 2011. It was not and the bank charged interest and a fee in the period to February 2012. RBS has offered to refund the interest totalling £146.37 and the £12 fee it incorrectly applied to the account.

Our adjudicator found that RBS was not required to take any action to remove the default marker from Mr T's credit file. However, RBS had agreed to update it to record that the account was defaulted in December 2011 rather than February 2012. She found the offer from RBS to refund the interest charged in that period to be fair and reasonable.

Mr T disagreed as he did not recall receiving the default and termination letters from RBS, and because RBS did not make clear to him what a default would mean for his credit report.

my findings

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

Mr T says that RBS should take steps to remove the default marker on his credit file. However, RBS has provided tape recordings of its operator's calls with Mr T, from which I am satisfied it told him that a long term repayment plan would mean default and termination of his account. It follows that such action by RBS would produce an adverse credit report. I find that Mr T chose a long term plan in full knowledge of the action the bank would take. The only misinformation was that he was told that this would happen immediately, which was incorrect. The bank's records demonstrate that it did send default and termination letters to Mr T, in line with its terms and conditions. So, I don't consider RBS was responsible for Mr T not receiving them.

The bank has made a fair and reasonable offer to correct the interest and missed payment charge applied to Mr T's account, in 2012. I do not require the bank to do more.

my final decision

My decision is that The Royal Bank of Scotland Plc should refund to Mr T's account a total of £158.37 and register a default marker from December 2011, as it has offered to do in full and final settlement of this complaint.

Janine Allen
ombudsman