

## **complaint**

Mr and Mrs M complain about The Royal Bank of Scotland Plc ('RBS') closing their accounts and registering a default on their credit files.

## **background**

Mr and Mrs M said RBS wrote to tell them their accounts and credit cards would be closed in 60 days. They weren't sure why. So they sent letters and made a number of phone calls but nobody would help them.

Although Mr and Mrs M had an overdraft they arranged to repay it in full. But a default was registered against their credit files. Mr and Mrs M said they never received a formal notice about the default. So they want it removing from their records.

RBS said it wrote to Mr and Mrs M in February 2017. It had reviewed their banking arrangements and decided to close four different joint accounts. The bank gave 60 days notice after which it would withdraw any overdraft and banking facilities. RBS said it was acting within the terms and conditions of the account. But it wouldn't give precise reasons why it'd decided to close the accounts.

RBS said the closure letters were the formal notice. The letters made it clear any funds still owed after 60 days would be subject to the bank's normal debt recovery procedures. In April 2017 one account was still overdrawn so the debt was passed to its recoveries team. The other accounts were closed.

Our investigator looked into the matter. He appreciated how distressing the account closures must've been for Mr and Mrs M. But he felt RBS hadn't acted unfairly. The closure letters made it clear they had 60 days to repay any outstanding debts. And if they didn't a default would be reported to the appropriate credit agencies.

Mr and Mrs M didn't agree. RBS closed their accounts without any explanation and left them with an overdraft. Mr M contacted the bank on several occasions. And he continued to pay off the debt while he tried to sort things out with RBS. Mr and Mrs M said they never got a formal notice of default. So they've asked for an ombudsman's final decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I can understand how frustrating this must've been for Mr and Mrs M. So I've looked carefully at everything they, and RBS, have said.

When RBS contacted Mr and Mrs M in February 2017 to give them notice about the closures it acted within the terms and conditions of the account. Mr M says he thinks the bank might've been concerned about some transactions that'd gone through. And he explained to RBS what they were for.

But I can't really say RBS has done anything wrong when it decided to close the accounts. Either party - the customer or the bank - can decide to end the agreement. But RBS doesn't have to provide specific reasons why it's decided not to offer banking facilities to Mr and Mrs M any more.

When the agreement ended, both parties would expect the other to settle any outstanding liabilities. The customer would expect the bank to return any remaining money. And the bank would expect the customer to settle any debts. Because there was an outstanding balance of just over £4100 after the 60 day period it was passed to a collections agent.

I appreciate Mr M make some payments towards the debt. And he repaid it in full a month later. But the closure letters made it clear any outstanding debt would need to be settled within 60 days or it would be reported to the relevant credit agencies.

Although Mr M said he'd tried to contact the bank, RBS couldn't find any record of receiving the letters. While I don't doubt Mr M's version of events, I don't think the bank acted unfairly by reporting the default after three months had passed without settlement. Banks have a responsibility to accurately report to the credit agencies how an account has been managed. I think the letters made it clear to Mr and Mrs M what would happen if any debts weren't settled in time. So I can't say RBS acted unfairly in not issuing a separate notice.

I can see there was some confusion whether a separate default notice had been sent to Mrs M. And RBS has offered £100 compensation for any miscommunication. I think that's reasonable in the circumstances. I realise Mr and Mrs M would prefer to waive the compensation and have the default removed from their record. But I can't ask RBS to do that. It's an accurate record of what's happened. The default was registered on 31 August 2017 because the balance was still outstanding. And it was marked as satisfied on 30 September 2017 when the debt was paid.

Based on everything I've seen, I can't really say RBS has done anything wrong. It gave the necessary notice to close Mr and Mrs M's accounts. And it registered a default after a period of three months when a balance remained outstanding.

I realise Mr and Mrs M will be disappointed by this outcome. But I hope this shows I've fully investigated the complaint and the reasons behind my decision.

### **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 and Mrs M to accept or reject my decision before 20 March 2018.

Andrew Mason  
**ombudsman**