

complaint

Mr M complains that The Royal Bank of Scotland plc used a refund of his legal fees to reduce the outstanding balance on a debt. He thinks he should get the refund.

our initial conclusions

Our adjudicator partially upheld the complaint. She found RBS was right to offset the money against the debt. But that this had caused Mr M some distress. She recommended RBS pay £100 compensation. RBS agreed to do this. Mr M doesn't accept this. He feels he's overpaid the debt.

my final decision

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

Mr M agreed a partial repayment in full and final settlement of his debt with RBS. Nearly two years later RBS told him the legal fees, which made up part of the debt, had been wrongly calculated. RBS used that money to reduce the outstanding amount on the debt. I can understand Mr M's view. He feels as the agreement he reached was in full and final settlement the bank shouldn't now be able to use the refund to do this. It's unfortunate that RBS charged the wrong legal fees in the first place. But Mr M's still paid back less than he owed. And the bank has suffered a loss on the debt so I don't think it would be fair for me to tell it to give the refund of legal fees to Mr M.

Mr M says to settle the debt he agreed to pay a percentage of the sum owing. But says he'd have paid less if the legal fees had been properly calculated. It's true that if he'd paid the same percentage with the lower legal fees he'd have paid less. But RBS wouldn't necessarily have agreed to that figure. So I don't think on that basis it would be fair for Mr M to get the refund of the legal fees.

I do think this matter has caused some confusion and distress to Mr M. I think RBS's offer of £100 to compensate this is fair. **My final decision is that the bank has made a fair offer.**

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M either to accept or reject my decision before 26 October 2015.

Bridget Makins

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.