

complaint

Mr D complains that The Royal Bank of Scotland Plc set off money from his current account to reduce other debts with the bank and closed the account.

background

Mr D, who is in full time employment, set up a small business and obtained finance from the bank to fund it. Following a delay in setting up the business his loan account fell into arrears and the bank wrote to him on several occasions. In January 2013 it sent him notice that any money he held in other accounts would be set off against his outstanding debt and the account closed. Mr D says that he did not receive these letters. In April 2013 the bank set off money from his current account reducing the balance to zero and closed the account.

Mr D complained to the bank and initially it could not account for a debit of £6.46. As a result it credited £6.46 to his savings account and paid him £20 in compensation. The bank later said that the £6.46 was outstanding interest owed by Mr D.

The adjudicator did not recommend that the complaint be upheld. He accepted that the bank was entitled to set off the money to reduce Mr D's business account debt. The bank has a right of set off and it sent the appropriate letters to Mr D.

Mr D did not accept the recommendation and argued that the account could only be closed if it was reduced to a zero balance and this had been achieved by the bank taking the £6.46 debit. He also disputed receiving the warning notices.

my findings

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

I am satisfied that the bank sent Mr D a number of communications about his indebtedness, including a notice in January 2013 explaining it was going to set off money to cover his outstanding debt and close his current account. I find no evidence that these were sent out incorrectly even though Mr D says he did not receive them. The bank was entitled to set off the money and to close the account. I accept that if the balance was more than zero the bank could not close the account. However, the bank has shown that this was interest accruing on the current account and in making the set off it included the £6.46 correctly. It was only later when handling Mr D's complaints that it mistakenly re-credited the sum. The correct balance was zero and the bank was entitled to close the account.

Mr D failed to keep up the payments on his loan and the bank after giving due notice recovered its money and did so in accordance with its rights.

my final decision

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

Ivor Graham
ombudsman