

complaint

Mr E and Mr R complain that The Royal Bank of Scotland plc (RBS) provided poor customer service when their business ceased trading and it has since closed their personal accounts.

background

Mr E and Mr R's former limited company ceased to trade in early 2012 and there was an outstanding overdraft and loan. The company borrowing is secured by a personal guarantee given by both Mr E and Mr R. The loan repayments continued to be taken from the business current account until the company was formally dissolved in September 2012. RBS made a formal demand for repayment and the accounts were passed to its recoveries department. The outstanding debt was not repaid and so all the connected personal accounts were also passed to the recovery team and Mr E and Mr R and their wives were asked to make alternative banking arrangements.

The adjudicator recommended that the complaint should be upheld in part. She concluded that RBS had not acted incorrectly in the way it had handled the outstanding company debts or by closing the personal accounts. However, she noted that RBS had continued to charge a monthly current account fee after the company had been dissolved. RBS has now agreed to refund these, together with the interest on that part of the overdraft.

Mr E and Mr R responded to say, in summary, that RBS has repeatedly refused to meet them and it had not told them when or how they could pay the money that was owed.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I agree with the conclusions reached by our adjudicator for broadly the reasons given.

Mr E and Mr R do not dispute that their former company has outstanding debts, which they have both personally guaranteed. Whilst I understand their frustration in that they have not been able to have a meeting to discuss the repayment of the debt, I consider that, as the accounts have been transferred to the bank's debt recovery department, it is that department, rather than the branch, that is now managing the accounts.

I am also not persuaded that RBS has not made it clear how Mr E and Mr R could repay the amount outstanding. I find that the final demand letters and the letter saying it was relying on the personal guarantees both give options for how payment can be made.

RBS has now agreed to refund £25, being the monthly account fees that it continued to charge after the company was dissolved, together with the interest on that part of the overdraft. However, I am satisfied that it is entitled to continue to charge interest on both the loan and the overdraft, in accordance with the terms of the loan agreement and business account terms respectively, until they are fully repaid.

In the circumstances, I would encourage Mr E and Mr R to now contact RBS to agree a suitable plan for repaying the debts.

my final decision

My final decision is that I uphold this complaint in part. In full and final settlement, I order The Royal Bank of Scotland Plc to refund £25, plus the interest that has been charged on this amount.

Karen Wharton
ombudsman