

### **complaint**

Mr B complains about The Royal Bank of Scotland Plc's handling of his credit card account with it. He says the bank increased the interest rate, causing him financial difficulty, and didn't treat him fairly when he was unable to pay back the borrowing. It has since registered a default.

### **our initial conclusions**

Our adjudicator concluded RBS had properly given Mr B the chance to opt out of the interest rate increase. It attempted to set up a payment plan for Mr B and was entitled to register a default when that was unsuccessful. Mr B didn't agree. He said the bank hadn't helped him with a payment arrangement. He referred to a report criticising the bank's debt collection activity.

### **my final decision**

To decide what is fair and reasonable in this complaint, I have considered everything that Mr B and RBS have provided. RBS was entitled to make a commercial decision to increase the interest rate on Mr B's credit card account. I find it gave Mr B proper notice of this, by writing to him in advance and putting details on his statement. In line with the Lending Code it also gave him the chance to 'opt out' of the increase - by not using the account any longer and repaying the balance at the existing rate. I don't consider he did 'opt out'. So I don't require RBS to refund any interest.

Mr B told RBS that he was unemployed and struggling to make his payments. I conclude that RBS responded sympathetically and positively. It tried to set up a payment arrangement, over the phone, and suspended charges for three months to give him breathing space. Mr B provided some details of his income and outgoings, but the bank reasonably asked him for additional information to get a complete picture. The information he did give to the bank suggested he couldn't afford the monthly payments he offered, so the bank agreed to accept a token payment. Mr B didn't agree to this, and stopped making any payments to his credit card account. So I consider the bank didn't act unreasonably by defaulting his account. This means the bank will not add further interest or charges to the account. I am aware of the report Mr B mentions. But I don't consider it has any impact on the outcome of this complaint.

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

**Under the rules of the Financial Ombudsman Service, I am required to ask Mr B either to accept or reject my decision before 29 April 2014.**

*Amanda Maycock*

*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**

I urge Mr B to make contact with RBS to set up a payment plan. I remind RBS of its on-going responsibility to respond sympathetically and positively to a consumer in financial difficulty.

#### **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.