

complaint

Mr H, acting on behalf of the estate of the late Mrs H, complains that The Royal Bank of Scotland Plc has not released all the security it held that supported a guarantee she gave.

background

Mrs H gave security to support a £25,000 personal guarantee to RBS in favour of a third party. Mrs H passed away in 2000 but the liability of that third party to RBS was not repaid until early 2013. Mr H then requested that the security that his mother Mrs H had given be released.

The adjudicator recommended that the complaint be upheld in part. Following the intervention of this service RBS had released security it held to the estate. She recommended that it paid the £150 cost of a second affidavit that Mr H had arranged. She also recommended that the estate be paid £500 compensation to reflect the time and inconvenience that had been caused to the estate by this matter. She was not able to conclude that there was still security that had not been released, as Mr H said, or that there was a bank account that held cash from Mrs H in support of the guarantee.

Mr H did not agree and said, in summary, that although the security referred to in a letter in 2006 had been released, earlier letters, and in particular from 1989 and 1990 referred to other security. He said that Mrs H had lived with him for the last 12 years of her life and that he had managed her affairs and was not aware of any security that had been released.

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 have reviewed the letters that Mr H referred to. I can see that Mrs H was then in correspondence with RBS. She had, for example, asked that one investment be sold and RBS said that the proceeds would be transferred to an account in its name to support the guarantee. She had asked that a savings bond be cashed but RBS had said that it could not do this as it was held as security.

RBS has no further records of what happened to the security mentioned in these letters and I do not consider that this is unreasonable, given the passage of time. It has not been able to find any other security from Mrs H that it still holds. I agree with the adjudicator that, as these items were not mentioned in a letter in 2006 that listed the security it was then relying on; the most likely explanation is that these items were released. It is possible they were replaced with other security. It may also be the case that if over time the value of the security given had increased in excess of the amount of the guarantee RBS could have agreed to release certain elements. I am afraid I am not persuaded on the evidence that RBS continues to hold security deposited by Mrs H or any cash balance.

I can see that it did prove difficult to arrange for the security to be released after the guaranteed liabilities were repaid. It was necessary for a complaint to be made to this service to resolve the position which has involved further legal costs. As a result I consider that the compensation now offered is reasonable.

my final decision

My decision is that I uphold this complaint in part and I order The Royal Bank of Scotland Plc to pay the estate of the late Mrs H £650.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H, acting on behalf of the estate of the late Mrs H to accept or reject my decision before 18 March 2015.

Michael Crewe
ombudsman