

## **complaint**

Mr S complains that The Royal Bank of Scotland Plc treated him unfairly when he was experiencing financial difficulties.

## **background**

Mr S says that RBS didn't treat him fairly when he was in financial difficulty – its actions made his situation worse. He says it took money from his bank account to cover his loan repayments. It used his compensation for mis-sold payment protection insurance (PPI) to pay off some of his debts – this left him owing money to his claims management company (CMC). And its actions affected his credit rating.

RBS rejected Mr S's complaint. It says it doesn't have all the old paperwork. But it says it did treat Mr S fairly when it knew about his financial difficulties. And although it used some of the money from his PPI compensation to reduce his debts – it paid some to him directly and wrote off other parts of his debts.

Our adjudicator considered this complaint and said she didn't think it should be upheld. She explained that this service couldn't look at certain aspects of Mr S's complaint because they'd already been considered previously and had been decided in an earlier ombudsman's decision.

She explained that when a bank becomes aware that a customer is in financial difficulty, it needs to treat them positively and sympathetically. She said she'd looked at what RBS had done and was satisfied that it had treated Mr S positively and sympathetically – it'd done the things that we'd expect a bank to do.

She explained that it wasn't unreasonable for a bank to use PPI compensation to pay down an existing and related debt. And she thought that RBS had done the right thing when it used some of the money to reduce Mr S's debt. And she explained that Mr S had chosen to use a CMC – when he really didn't need to do – and any fees and charges that he'd contracted with it weren't things that we could look at.

Finally, she said she didn't think the bank had done anything wrong when it reported his financial situation to the credit reference agencies.

Mr S disagreed. He said RBS should clear all his debts and award him £11,000 in compensation. And he asked for an ombudsman to review the case and issue a final decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I have to tell Mr S that I think the adjudicator has reached the right outcome here. And I think she set out the position very clearly so there's very little I can usefully add to what she's already said.

Mr S chose to use a CMC to handle his PPI complaint, and he entered into a contract with it to pay it on the basis of any compensation paid by RBS. This service has always said that using a CMC to bring this type of complaint isn't necessary and it doesn't increase the chance of having a complaint upheld.

I can understand Mr S's frustration that he now has to pay his CMC, but this isn't something that I can hold RBS responsible for. And it isn't something that I can look at either. He entered into a contract with them and if he's unhappy with any aspect of it he can make a complaint to the Ministry of Justice – because they monitor and regulate CMCs.

Although RBS initially used all his compensation to reduce the debt he owed them, I can see that it later changed its position. And so although the bank had a right to offset this compensation against debts owed, I think the bank did the right thing. It used just over half the money to pay down Mr B's loan debt, and it paid him the remaining amount. It also wrote off more than £1,000.

Taking all this into account, I'm satisfied that the bank acted positively in the way it paid compensation. And I think its approach was fair and reasonable.

Next, I've looked at how RBS behaved when Mr S made it aware of his financial difficulties. Banks are expected to act positively and sympathetically when dealing with customers in financial hardship, but taking into account the steps that RBS has taken, I'm happy it has done this. And I don't think that it needs to do anything more.

RBS did a number of things which I think show it acted positively and sympathetically and assisted Mr S at this time. These included no longer applying interest to his overdraft; accepting reduced loan repayments and putting Mr S in touch with organisations that could provide free independent debt advice. It did a number of other things as well. And I wouldn't have expected it to do anything more.

Finally, I've looked at Mr S's complaint about his credit rating. And I don't think RBS did anything wrong here either. RBS was legally obliged to report the missing loan payments accurately to the Credit Reference Agencies. So I can't ask it to amend the credit file because I don't think it has done anything wrong.

I've noted Mr S's concerns that his credit rating is affecting his ability to borrow money. He might be interested to know he can place a 'Notice of Correction' on his credit records. The purpose of such a notice is to allow someone the opportunity to add any explanatory circumstances that they would like prospective lenders to take into consideration when making lending decisions. And if he wishes to do this, he should contact the credit reference agencies directly.

I know that Mr S will be disappointed with my decision, but for the reasons given I don't uphold this complaint.

#### **my final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 October 2015.

Andrew Macnamara  
**ombudsman**