

complaint

Mr M complains about charges applied to his current account; that Clydesdale Bank Plc (trading as Yorkshire Bank) added his overdraft to a loan without his knowledge and that this has caused him financial difficulties.

background

Mr M applied for a loan with weekly repayments in July 2009 and the agreement showed that part was to repay existing debts (the overdraft) and part was to provide new funds. The bank then reduced Mr M's overdraft. Overall, Mr M's weekly repayments reduced and he met his repayments until May 2010. Charges were applied to his current account during this time, in line with the terms and conditions of the account. Both debts were passed to a debt collection company in July 2011 and repayment plans were agreed. The current account debt has since been repaid.

The adjudicator did not recommend that the complaint should be upheld. She said that she was satisfied that it was clear that part of the loan was always meant to repay the overdraft, that the current account charges had been applied correctly and that there were plans in place to support affordable repayment of the debt.

Mr M disagreed, saying at times the bank had not taken his loan repayments and had then added more charges to his current account.

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 not persuaded that the bank has made any errors in how it has managed either Mr M's loan or current account. I find that it was clear on the application that Mr M signed, that part of the loan was to repay the overdraft, and the bank was entitled to then reduce the overdraft limit. With regards to the current account charges, following the Supreme Court test case in 2009 these cannot be challenged on the grounds they are too high and therefore unfair. I can see no evidence that they have been applied incorrectly; indeed the bank has already refunded a number of them as a gesture of goodwill. I understand that the current account is now closed and the overdraft repaid, but I would urge Mr M to contact the debt collection company to agree a mutually acceptable repayment plan for the loan. He has had the benefit of the money and the bank is entitled to expect it to be repaid. I would, however, remind the bank of its ongoing obligation to treat customers in financial difficulties positively and sympathetically.

my final decision

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

Rebecca Connelley
ombudsman