

The complaint

Mr F complains that The Royal Bank of Scotland Plc has recorded a default on his credit file in respect of a loan and sold the account to a third party.

What happened

Mr F took out a loan with The Royal Bank of Scotland Plc ("RBS") in 2018.

On 31 August 2022, Mr F called RBS as he'd received a letter from them saying his account had been passed to a third-party debt collection agency. RBS told Mr F they'd done this because his account had been in arrears for a while and no plan for payment had been put forward by him.

Mr F complained to RBS about what had happened. RBS didn't uphold this and said they hadn't made any errors in how they'd managed the account. So, Mr F referred the matter to our service.

Our investigator didn't uphold Mr F's complaint. She said that Mr F had been in arrears for several months and that no formal agreement to repay this had been put in place by him, so it was fair for RBS to default the account.

Mr F didn't agree and mentioned that he had paid RBS in August 2022 which showed a clear intention on his part to continue to repay what was owed. So, he felt that RBS's actions were unfair and would cause him difficulties in re-mortgaging his property. As Mr F didn't agree with our investigator's view, he asked for an ombudsman to consider his complaint.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm sorry to disappoint Mr F, but I think RBS acted fairly so I won't be upholding his complaint. I'll explain why.

I've looked at Mr F's loan account statements and have noted that his payment history in 2022 was as follows:

- the repayment due in January was returned unpaid
- the repayment due in February was paid on time and a further payment was made by Mr F on 10 February to clear the arrears from January
- The repayment due in March was returned unpaid with a payment subsequently made on 15 March
- The repayments due in April and May were returned unpaid
- The repayment due in June was paid but the repayment for July was returned unpaid.
- Mr F made a payment on 2 August

So, by the time Mr F made the August payment, the loan account was in arrears by two months and the payment history prior to that from January 2022 onwards was such that payments weren't being made on time other than for February and June.

I completely understand the situation that Mr F was in, in that he had been struggling to make the repayments because of issues with his employer. However, I can also see from RBS's account history notes that they tried to call Mr F on several occasions throughout May, June and July 2022 to explore how they could help him and that, when they spoke to him, he asked for more time to consider his options. I note though that Mr F didn't then get back in touch with RBS to discuss this further.

I've also seen the letters that RBS sent to Mr F on 27 April, 16 May and 16 June 2022 which asked him to contact them to discuss how to repay the arrears that had built up. RBS also sent a formal notice of default on 9 July which explained what action they would take if the arrears hadn't been repaid by 12 August.

I appreciate that Mr F made a payment in August, however I find by this time considering the payment history and the unsuccessful attempts to put some form of payment arrangement in place, RBS was entitled to take more formal action to recover the outstanding balance of the loan. I also find that Mr F had been given the required notice that this could happen in RBS's letter of 9 July, and the ways he could have prevented formal action being taken.

I do understand that the impact of the loan defaulting has been significant on Mr F. However, I find that RBS did try to offer support to him and that they were reasonably entitled to take further action in the absence of anything agreed despite several attempts to find a solution. I remind RBS though to continue to offer to work with Mr F so he can repay the outstanding balance of the loan and that they do so positively and sympathetically, where appropriate.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 13 October 2023.

Daniel Picken
Ombudsman