

## The complaint

F, a company, complains that The Royal Bank of Scotland Plc didn't renew its overdraft and instead demanded repayment.

F has been represented in this complaint by its director, Mrs S.

## What happened

F had an overdraft facility with RBS. The facility was renewable after 12 months. In early January 2023 RBS emailed F to say that the facility was due to expire the following month, and that F would need to complete an affordability assessment and provide some further information so that it could carry out a review of the business.

Mrs S emailed some financial details to RBS on 18 January. She said she'd discuss the missing information in a phone call scheduled to take place on 20 January. RBS's notes of that call say that the agent told Mrs S that F's accounts would be transferred to RBS's Specialised Business Management Team. The agent sent Mrs S an email later the same day, confirming that the overdraft would be expiring shortly and that the Specialised Business Management Team would be in touch soon to offer support and advice and *"to understand whether your overdraft facility can be renewed"*.

On 27 January RBS sent Mrs S an email and an SMS message to say that F's overdraft facility would expire in February 2023. Mrs S phoned RBS on receipt. She says the agent she spoke to told her she didn't need to provide further information. RBS's notes of the conversation say that the agent told Mrs S that the overdraft was due to expire on 1 February and that in order to renew it, the bank would need a completed income and expenditure form, two years of financial information and 12 months of business projections.

On 31 January, not having received that information, RBS's system notes show that it emailed Mrs S again, attaching an income and expenditure form for her to complete and return within seven days. It also asked her to attach up to 2 years of financials and up to 12 months' worth of business projections. It provided a number to phone if there were any issues. As RBS didn't receive the information, the overdraft expired. A formal demand for repayment of the full overdraft was sent to F on 26 April 2023.

Mrs S says she didn't receive the email RBS sent on 31 January. And she says that she had another ongoing complaint with RBS, who had told her every time they spoke that no action would be taken regarding F's overdraft until the complaint was resolved. She believes that the decision to call in F's overdraft may be linked to the fact that she already had an ongoing complaint. Mrs S says there was nothing wrong with F, and that it wasn't experiencing any financial difficulties. She's told us that the withdrawal of the overdraft facility has affected F's trading, and it may have to appoint liquidators.

One of our investigators considered F's complaint, but didn't think it should be upheld. In summary, she thought that it would have been apparent from the email that the agent sent after the call on 20 January that information was required. This was reinforced by the call the following week and the subsequent email. She couldn't see any reference in RBS's records

to Mrs S having been told that action on the overdraft would be put on hold until the other complaint was resolved. And she commented that overdrafts are repayable on demand and can be cancelled at any time, and that RBS wouldn't necessarily have renewed the overdraft even if Mrs S had provided the information.

Mrs S didn't agree with the investigator's view, so the complaint's been passed to me.

### **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.

Having done so, I've reached the same conclusion as the investigator, and for similar reasons.

As RBS has commented, overdrafts are generally intended to help with short-term cashflow. A business can make a commercial decision not to offer an overdraft. And any overdraft facility it does offer is repayable on demand. F's overdraft was a 12-month facility, ending on 1 February 2023. To continue after that, it needed to be renewed. And in order to decide whether to renew the facility, RBS asked Mrs S to provide some information about F.

I acknowledge that Mrs S says that the agent she spoke to on 27 January told her that she wouldn't need to provide any financial information. But RBS's notes of the conversation state clearly that although Mrs S mentioned having already provided the requested information over the phone, the agent told her that in order for the overdraft to be renewed RBS would need the income and expenditure form, two years' worth of financial information and 12 months' projections. And I'm satisfied, on balance, that RBS's notes of the call were made during or very soon after the call, and that they accurately reflect what Mrs S was told.

I'm not persuaded that Mrs S was told that action about the overdraft would be put on hold while her complaint was being considered. I'm satisfied that it would have been clear to her from the conversation on 27 January that even if she believed that she'd already supplied enough information, RBS required further information quickly if it was to consider renewing the overdraft. This was also reiterated in the follow-up email which it sent to Mrs S on 31 January. I'm satisfied that the email was sent to the correct email address. So I can't fairly hold RBS responsible if Mrs S didn't receive it.

It's possible that if F had provided the information, RBS might have renewed the overdraft. But in its final response to F's complaint, RBS commented that overdrafts are designed to assist cashflow by providing short-term borrowing that is occasionally required to meet large bills or payment demands that can't be met from turnover. It commented that rather than being repaid by cash generated by the business, F's overdraft had become a persistent debt. So there's no guarantee that F's overdraft would have been renewed even if the documentation had been provided. As it is, I don't need to consider that point further, as F didn't provide the information by the specified deadline, and RBS was entitled to decide not to renew the facility and to demand repayment as it did.

Finally, I've seen nothing to make me think that the reason that F's overdraft facility wasn't renewed was connected in any way with the fact that Mrs S had raised another complaint about RBS.

I realise that Mrs S will be disappointed, but I don't find that RBS did anything wrong here, so I can't fairly uphold F's complaint.

**My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 19 December 2023.

Juliet Collins  
**Ombudsman**