

## **The complaint**

Mr M complains that Bank of Scotland plc made mistakes in the way it attempted to collect payments for a credit card account he previously held.

## **What happened**

Mr M previously held a bank account and credit card with Bank of Scotland. In 2019 and 2020 the credit card accrued missed payments. Bank of Scotland agreed a payment arrangement in December 2019 that meant Mr M could make reduced payments of £30 for three months. After the first payment, the others weren't received by Bank of Scotland and Mr M's credit card was later closed at default. The debt was sold to another business.

Mr M went on to raise a complaint and explained that issues with Bank of Scotland's online banking system had led to problems making payments to his credit card. Bank of Scotland accepted there was an issue with the online banking facility and paid Mr M £150 in recognition of the distress and inconvenience caused. But Bank of Scotland didn't agree it had made a mistake by closing Mr M's credit card and reporting a default.

An ombudsman at this service considered Mr M's complaint and issued a final decision. The ombudsman didn't find that problems Bank of Scotland's online banking facility had led to Mr M's credit card being unfairly closed at default.

Last year, Bank of Scotland got in touch with Mr M and explained it had reviewed his credit card account again. Bank of Scotland explained that due to a systems issue, after Mr M's payment arrangement of £30 was broken, it had failed to reinstate his contractual monthly payment when attempting to collect funds. But Bank of Scotland explained the issue hadn't impacted the decision to default Mr M's credit card as no payments were made between January and June 2020.

Mr M went on to raise a complaint and Bank of Scotland issued a final response on 29 December 2023. Bank of Scotland apologised and confirmed its decision to close the credit card remained unaffected by the issues raised. But Bank of Scotland confirmed it had purchased the debt back from the new owner and written off the outstanding balance. In addition, Bank of Scotland removed its default entry from Mr M's credit file.

Mr M referred his complaint to this service and it was passed to an investigator. They explained that the Financial Ombudsman Service is unable to reconsider complaints that have already been subject to an ombudsman's final decision. The investigator noted an ombudsman had already issued a final decision concerning the online banking difficulties Mr M experienced when trying to pay his credit card and the circumstances under which his account had been closed at default so didn't comment further.

The investigator thought Bank of Scotland's decision to buy the debt back, write off the £2,179.67 outstanding balance and delete the default from Mr M's credit file was a fair way to resolve the complaint and didn't ask it to take further action. Mr M asked to appeal and explained he felt his previous complaint should be reopened in light of the new information provided in Bank of Scotland's most recent final response. As Mr M didn't accept the investigator's view of his complaint, his case has been passed to me to make a decision.

### **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've been reasonably brief in setting out the background above as all parties broadly agree concerning the timeline of Mr M's complaint. I need to start by explaining that the Financial Ombudsman Service is unable to reconsider a complaint that's already been subject to a final decision. In this case, another ombudsman has already issued a final decision that covers the circumstances under which Mr M's credit card was closed at default. I've read the decision and they've noted Mr M's concerns about the systems issues he experienced when trying to make payments but explained they were satisfied other options were available. As an ombudsman has already considered Mr M's complaint about the way his credit card was closed and the default Bank of Scotland reported, I'm not going to comment on those points again in this decision.

Bank of Scotland's final response to Mr M explains why it took the decision to purchase his credit card back from its new owners and write off the outstanding balance. Bank of Scotland notes that when the payment arrangement was broken, it should've reinstated the original contractual monthly payment but didn't. As a result, Bank of Scotland's systems continued to request payments of £30 which weren't subsequently made by Mr M. I haven't seen anything in the information provided by either party that shows the systems issue had a direct impact on the decision to close Mr M's credit card.

To resolve the issue and in recognition of the systems problem, Bank of Scotland has arranged for the debt to be written off and the default removed from Mr M's credit file. That means, Mr M is no longer obliged to repay the outstanding balance of £2,179.67. In addition, Bank of Scotland has confirmed the default has also been removed. I'm satisfied that after discovering the systems issue, Bank of Scotland has agreed a fair settlement that recognises the impact on Mr M. I'm sorry to disappoint Mr M but I haven't found grounds to tell Bank of Scotland to increase its offer or take any further action to resolve his complaint.

### **My final decision**

My decision is that Bank of Scotland has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 June 2024.

Marco Manente  
**Ombudsman**