

The complaint

Mr F's complaint is that The Royal Bank of Scotland plc (RBS) didn't close his commercial secured loan account when he paid it the amount he was told to. He is unhappy that RBS has said that he still owes interest on the loan and so will not release its security on his properties. In addition, Mr F is unhappy as he says that he had been trying to get a redemption figure from his relationship manager for several months before he was given the incorrect figure, but he received no response. Mr F was also concerned about the service he received following making his complaint. In addition, Mr F raised concerns about the fact that RBS decided to end its business relationship with Mr F and told him he had until 29 August 2023 to make alternative arrangements.

What happened

In 2018 Mr F borrowed £360,000 from RBS over a term of five years in order to refinance a portfolio of properties he owned. The loan was secured on eight properties Mr F owns. The loan was arranged on a repayment basis, with Mr F being required to make monthly payments, but with him having the ability to make capital reductions without penalty. Interest was added to account on a quarterly basis.

In the spring of 2021 Mr F spoke to and messaged his relationship manager about getting a redemption figure for his mortgage. When it wasn't received in the timescale and by the method he expected, he complained. The complaint was addressed by RBS in a final response letter of 14 June 2021. Despite being given referral rights to this Service if he was not satisfied with the response, Mr F didn't contact us.

Mr F's new relationship manager was put in place in April 2023. Around that time, Mr F asked for and was given information on the process if he wanted to make a lump sum reduction to his loan balance. Subsequently, the new relationship manager contacted Mr F on 2 May 2023 and spoke to him the following day. However, the relationship manager terminated the conversation due to the language Mr F used.

Mr F raised a new complaint about the service he had recently received from his former relationship manager and his then current one. RBS responded in a letter dated 12 May 2023. RBS confirmed that the previous business manager had not received any contact from Mr F in the preceding months. The new relationship manager had been on holiday when Mr F had tried contacting him, but another relationship manager had stepped in to assist. As such, RBS was satisfied it had acted appropriately and didn't uphold the complaint. RBS also raised issues about the language and tone of Mr F's more recent contact with members of staff; RBS had said that it would only allow contact via email going forward.

On 23 and 26 June 2023 Mr F contacted RBS asking for information about what would happen if he paid a lump sum off the loan. He was told to contact the business banking team. Mr F subsequently reported that he was unable to get through to the team he had been told to liaise with. As such, he decided to make the payment on 28 June 2023. RBS acknowledged receipt of the money and on 5 July 2023, told him what his new payment would be going forward. Mr F complained that he had not received the information he had wanted, despite contacting RBS several times.

On 30 June 2023 RBS wrote to Mr F and told him that it had decided to end its banking relationship with him. It explained that Mr F needed to move his banking arrangements to another provider. RBS confirmed that it would be closing his accounts on or after 29 August 2023. While Mr F included this issue in the complaint he made to this Service, it doesn't appear that he made a complaint direct to RBS about the issue.

A further final response was sent to Mr F on 5 July 2023. RBS responded to a complaint about its staff being unable to tell him what the monthly payments would reduce to after he made a proposed lump sum payment to the loan. It explained why this was not possible and declined the complaint.

On 21 August 2023 Mr F called RBS and initially asked for a redemption figure as he wanted to repay the loan, but thereafter predominantly described what he wanted as the balance of the account. RBS made a mistake and gave Mr F the balance of the loan, rather than a redemption figure, which didn't include interest that was due since 15 June 2023. Mr F made a payment on the same day, which cleared the capital balance as of that day. However, a further £1,799 of interest was owed, and so the loan account was not closed and the charges on Mr F's properties were not released. When he was later informed of the outstanding balance, he complained.

In an email of 17 October 2023 RBS sent Mr F its final response to the complaint. It apologised for having provided Mr F with incorrect information – in that it gave him the outstanding balance, rather than a redemption figure that would have included the interest owing, but that had not yet been added to the account. It maintained that the interest needed to be paid before it would close the loan account, however, it offered to waive the interest that had accrued since he had made his payment. In addition, while RBS didn't accept that Mr F had been trying to obtain a redemption figure from his relationship manager before the call in which he was given incorrect information, it accepted that the service it had provided following him raising his concerns had not been what it should have been. RBS said that it wanted to discuss with Mr F the impact its mistake had on his finances with a view to be able to make an offer in relation to any losses he had suffered. Neither party has provided any evidence relating to any such conversations.

Mr F wasn't satisfied with RBS' response and asked this Service to consider his complaint. After he did, he told us that it was the poor service he received in the spring of 2023 that made him decide to repay the loan. He also told us that until the situation regarding the loan repayment is sorted out he is unable to move forward with refinancing and so can't expand his business. Mr F told us that he believes the figure he was given on 21 August 2023 included accrued interest to that date, and so he doesn't owe RBS any money.

When we informed RBS that the complaint had been referred to us, it said that it wanted to offer Mr F £300 compensation in recognition of the inconvenience he had been caused.

One of our Investigators looked into Mr F's complaint. She explained that we were not able to consider all of the period when Mr F had explained he had been trying to obtain a redemption statement for his mortgage. This was because RBS had addressed his concerns about the events of the spring of 2021 in its final response letter of 14 June 2021. As Mr F had not referred the complaint to this Service within six months of that letter, the events covered in that letter fell outside our jurisdiction. She went on to confirm, however, we could consider the service Mr F had received from RBS after that date, including the issue regarding incorrect information being given to him in August 2023.

The Investigator went on to comment on the merits of the complaint. She was satisfied that Mr F owed the interest that RBS had asked him to pay, and it was not unreasonable that the charges on the security properties were not removed until the outstanding balance was paid.

In relation to the contact Mr F had tried to make with his then current relationship manager, the Investigator was satisfied that he had been on holiday at the time. However, RBS had acted fairly when it arranged for another relationship manager to step in and help Mr F with his queries. The Investigator considered the service that had been provided was not what it should have been later, when Mr F had wanted to discuss his options regarding paying a lump sum off the loan. Overall, the Investigator was satisfied that the redress RBS had offered – to waive the interest that had accrued since the 21 August 2023 payment and £300 compensation – was fair and reasonable in the circumstances.

Mr F didn't accept the Investigator's conclusions and asked that the complaint be referred to an Ombudsman. He said that he believed RBS had entered into a legally binding agreement when it gave him the figure in August 2023 and so he doesn't owe anything more. He provided an oral account of what happened and explained what his business practices were to evidence how he had suffered a loss. Mr F said that he believed that RBS had not sent in records of all the communications that are relevant to the complaint. He also said that his relationship manager had been verbally abusive toward him in calls made from the individual's mobile phone and this was because Mr F and the relationship manager's partner had previously been in a relationship. He suggested that the relationship manager was corrupt, and this had resulted in RBS withdrawing banking services.

I issued a decision on 26 June 2024 setting out our jurisdiction as it applied to Mr F's complaint. I concluded that we could not look into the issues relating to the service he had received prior to the final decision of 4 June 2021.

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 will firstly comment on the matter of the outstanding balance on the loan. Mr F considers that when he asked RBS for a figure to repay his loan, RBS was legally bound to accept that sum. It's for the courts to make findings on matters of law. My role requires that I make my decision on what I believe to be fair and reasonable in all the circumstances. So whilst the law is a relevant consideration, our service doesn't automatically approach a complaint in the same way that a court might.

In this case the terms and conditions for the loan say that interest is payable until the debt is repaid in full. The interest accrued on the loan was added to the balance quarterly in arrears, which I am satisfied Mr F would have been aware of. This means that as of 23 August 2023 interest had been accruing since 15 June 2023, but had not yet been added to the balance of the loan. That interest is owed by Mr F, and I can see no reason that he shouldn't be required to pay it.

That said, as that sum of interest is outstanding, RBS could apply interest to that sum going forward until it is repaid. However, it has made an offer that would place the loan balance in the same financial position as it would have been, but for its mistake. That is that Mr F would have paid the correct amount and no further interest would have been incurred. Had RBS not made this offer, it is what I would have required it to do. As such, I don't consider RBS needs to do anything further in this respect.

Mr F has said that he has suffered further losses because he has been unable to refinance, due to the charges remaining on the security properties, and so he has been unable to expand his business. I can understand why Mr F has said this, but as I am satisfied he owes the additional amount, I can't find RBS was unreasonable in not releasing the charges until

he paid the money he owed it. So I can't find that any losses Mr F incurred as a result can reasonably be laid at RBS' door.

Outside of the mistake of Mr F being given the loan balance in August 2023 rather than a redemption figure, he has complained about the service he received from his relationship managers and overall from RBS. As I have set out above, following the issues addressed in the June 2021 final response letter, there is no evidence of Mr F contacting RBS until April 2023 around the time he was allocated a new relationship manager. While Mr F's initial attempts to contact his new relationship manager failed, this was for a good reason – the individual was on holiday. RBS provided cover while the individual was away, and I can't find that RBS failed in its obligations to Mr F in that situation.

I am in agreement that RBS could have dealt with Mr F's enquiries in June 2023 better. However, I am not persuaded there were any significant failings on RBS' behalf other than this and the incorrect figure given in August 2023. I note that Mr F has said there were more calls than RBS has told us about. However, RBS has said it has told us about all the calls it has a record of.

If the available evidence is incomplete or contradictory, we reach our findings on what we consider is most likely to have happened, on the balance of probabilities. That's broadly the same test that the courts use in civil cases. It's for us to assess the reliability of evidence and decide how much weight should be attached to it. When doing that, we consider everything together to form a broader opinion on the whole picture. While I know that this will disappoint Mr F, but without supporting evidence, I can't assess the complaint on the basis that there were more calls and that those calls were abusive toward him.

Overall, I am satisfied the £300 offered by RBS is proportionate and appropriate in the circumstances of the case.

While it does not affect the outcome of this complaint, I will comment briefly on the matter of RBS telling Mr F at the end of June 2023 that it would be ending the business relationship and giving him three months to move his banking arrangements elsewhere. In his telephone call with RBS in August 2023 Mr F confirmed that the only banking facility he had with RBS was the loan subject to this complaint. Mr F has also told us he decided to repay the loan in the spring of 2023 because he had cash assets in bank accounts that were earning less in interest than he was paying on the loan and he was dissatisfied with the service he'd received from RBS. As such, it would appear that Mr F had already decided to repay the loan and end his business relationship with RBS before it decided the relationship should end. So it would appear that RBS' decision had no material effect on Mr F or caused him any inconvenience.

My final decision

The Royal Bank of Scotland Plc has already made an offer to pay Mr F £300 to settle the complaint, along with waiving any interest accrued since 21 August 2023 and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that The Royal Bank of Scotland Plc should settle the complaint in that manner.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr F to accept or reject my decision before 26 July 2024.

Derry Baxter
Ombudsman