

The complaint

Ms B complains about the way in which The Royal Bank of Scotland Plc (“RBS”) handled the closure of her account.

What happened

Ms B held a credit card account with RBS. RBS sent letters to Ms B advising her that she was in persistent debt. It later sent a letter asking Ms B to repay the balance in full within 6 months, followed by a letter advising Ms B that it would be closing her account in 14 days.

Ms B sent a letter back to RBS on 3 January 2023 offering to increase her monthly payments. She didn’t receive a reply. RBS closed Ms B’s account on 10 January 2023.

Ms B complained to RBS. In response, RBS said it had written to Ms B several times about her persistent debt and had offered support in setting up a plan to reduce her balance. RBS said Ms B had fallen within the definition of persistent debt because she had paid more in charges and interest than her balance. RBS said it had followed FCA guidance by closing the account.

Ms B remained unhappy and brought her complaint to this service. She’s unhappy that RBS didn’t respond to her letter dated 3 January 2023 and says that RBS hasn’t been honest about not holding her correct phone number.

I issued a provisional decision in which I said that having reviewed Ms B’s account, I was satisfied that it met the definition of persistent debt. I said I could see that RBS had written to Ms B on 19 February 2022 and 10 November 2022 advising her about the persistent debt process and offering her support to set up a plan to reduce her balance down faster. I could also see that RBS sent Ms B a reminder letter on 26 December 2022 advising her of the impending closure of her account.

I said that I was satisfied that all of the letters sent to Ms B were sent in accordance with the relevant FCA guidance on persistent debt. I didn’t thin that RBS had treated Ms B unfairly or unreasonably when it sent these letters.

I acknowledged that the essence of Ms B’s complaint was that she had written to RBS on 3 January 2023 with an increased payment offer and hadn’t received a reply. Ms B had requested in her letter that RBS contacted her by letter or email.

Ms B was unhappy that she didn’t receive a reply. However, RBS said it had tried to contact Ms B by telephone in response to her letter but had been unable to make contact due to the telephone number being incorrect. Ms B disputes this and says that RBS held the correct number for her as it was sending texts to her at this time.

I said that although I couldn’t say that RBS had made an error or acted unreasonably by following the persistent debt process, I thought that RBS could have provided better service when Ms B write to them offering to increase her monthly payments. I said that I appreciated that the offer put forward by Ms B wouldn’t have meant that the balance was cleared by May

2023, which was the deadline required under the relevant regulations, and that the likelihood was that the account would've been closed anyway. But I thought that RBS should have responded to Ms B's letter in the manner requested i.e., by letter or email.

I said that RBS should pay compensation of £100 to Ms B for the service failings.

I invited both parties to let me have any further evidence or arguments they wished to raise.

RBS replied and said it agreed that it must've made an error when it said it held an incorrect telephone number for Ms B. It said that its persistent debt team were a telephone-based service only, so it wasn't possible for them to respond to Ms B by letter or email.

Ms B replied and said she was content with how I had dealt with the issue of RBS ignoring her letter and using the wrong telephone number to contact her. She said she wanted me to look at the consequences of RBS ignoring her letter, and treated her as a non-responding customer, which meant she hadn't received a letter giving the reasons for the closure of her account. Ms B also attached an extract from a decision in a different complaint which had been dealt with by this service which she felt was relevant to her 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've had regard to the further comments of both parties. In relation to RBS stating that the persistent debt team are a telephone only service, I still think it fell short by failing to contact Ms B in the manner that she had requested. Further, it seems that RBS did hold the correct telephone number for Ms B as it was sending texts to her. This isn't disputed by RBS.

In relation to Ms B saying that she wants me to look into the consequences of RBS ignoring her letter, I'm not persuaded that her letter was ignored. RBS has told this service that it tried to respond to the letter by telephoning Ms B. As I've said in my provisional decision, the offer contained within Ms B's letter would not have cleared her debt within the time period required under the relevant regulations. So I don't think the lack of response to the letter has materially affected the outcome, because the likelihood is that the account would've been closed anyway.

Taking everything into account, I see no reason to change the conclusion I reached in my provisional decision.

Putting things right

To put things right, The Royal Bank of Scotland Plc must pay compensation of £100 to Ms B for the service failings.

My final decision

I partially uphold the complaint. The Royal Bank of Scotland Plc must pay compensation of £100 to Ms B for the service failings.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 28 March 2024.

Emma Davy

Ombudsman