

Official Complaint

This is a submission of an official complaint and claim for compensation to The European Commission against the following companies:

Royal Bank of Scotland Plc trading as Direct Line
Paragon-Group Plc trading as Idem Servicing
Experian Ltd.
Equifax Ltd.
Call Credit Information Group Ltd.

The addresses of the above companies are given in **EU addenda 1**

In every step of the business between myself and the above named companies, my rights have been ignored, disregarded or blatantly walked all over. This complaint is primarily about rights but encompasses the wrongful practises, in one case, in my opinion, illegal, concerning the method of operation of these companies and others engaged in the banking and financial services sector of the UK.

HISTORY

On or about the 14th of July 2004 I took out a personal loan for £6,500 with Direct Line, reference 782/0008/800214765. I chose to deal with this company as they belonged to Royal Bank of Scotland, where I had (and still have) a personal bank account and I knew the Direct Line company. More important, they knew me from 1988 to have operated that account as a financially responsible person, never getting into trouble with my money, never going overdrawn unless previously agreed and generally a very good customer. On or about the 14th November 2005 I took out a new loan, reference 781/9999/780508135, for £6,500 to take advantage of lower interest rates, and settling the original loan. In January 2007 I negotiated a new loan for £6,143 with Direct Line, reference 781/9999/850703459, and settling the previous loan. All payments (£119.49 per month) had been made by direct debit, a requirement of their doing business with me.

All went well until I experienced some health problems and had to stop working, moving on to state benefits. I advised Direct Line of my problems by telephone on 31/08/2007 and they were to call me back but this did not happen. I received an arrears reminder letter on 07/09/2007. I replied with a proposal of new, reduced amount payments (£50 monthly) and advised them that I had cancelled the direct debit on 11/09/2007. I was advised by phone that the account, on the strength of my letter was being considered by the collections manager and that a reply would come in due course. On 25/09/2007 I received a statutory default notice, even though I was only 1 month in "arrears". On 09/10/2007 I received a letter from a Customer Concerns Analyst advising me to make or offer an arrangement with the collections department, which I had already done in my letter of 11/09/2007. On 12/10/2007 I received a notice of termination from Direct Line. On 24/10/2007 a default status was lodged with the credit reference agencies because, in Direct Line's words "the default notice issued to you on 25/08/2007 has not been replied to, nor have you made any payments". This obviously conflicts with the fact that the concerns department and the collections department were already considering my written proposal!

On 28/11/2007 I received a letter accepting my payment proposal from the concerns analyst AND also an acceptance letter from the collections department. These payments were done by telephone and debit card monthly on or about the 28th of the month. On 04/03/2008 Direct Line agreed an extended arrangement to continue my payments as they had been originally agreed. For no reason, on 10/06/2008, I received a demand for repayment of the full amount from Direct Line's solicitors, Green and Co. and on 12/06/2008 I received a letter of notice of transfer of collection from Direct Line to a debt collection agency. I contacted them to ask why they had done this and was told I would be contacted.

On 30/06/2008 I received a letter extending my (already extended 3 months previously) agreement. I continued to make monthly payments all this time to uphold my side of the agreement and as things got easier, I voluntarily increased my monthly amount. After this Direct Line sent me statutory balance notices every 6 months. On 18th January 2010 they sent this notice on a MINT letterhead, not Direct Line and on 16/02/2010 they sent me a default notice on a Direct Line letterhead. On 24/03/2010 I received a letter of acceptance of our agreement (now £90 per month). On 30/04/2010 I received a written request to phone Direct Line. I wrote to them on 11/05/2010 answering their concerns. On 25/05/2010 I received a letter, obviously an error and on 03/06/2010 I received a correction letter. As of 02/10/2010 the payment was increased by myself to £120 monthly. During all this time I missed 2 payments (June 2008 and March 2010) due to the unreasonable approach and attitude of the phone answerer at their end. Both times I dealt with this by letter. I also made 2 payments of £120 in September 2010 to help reduce the outstanding balance. I have behaved as responsibly as I could and always kept my word. Direct Line have not played as straight a game but they are a large organisation and sometimes the left hand cannot match with the right hand. It is my belief that the default status with the credit reference agencies was mis-applied. I have asked many times for it's removal but they would not listen. I believe this to be a mis application because it was applied whilst I was in written discussion with them. On 17/02/2010 they charged me £25 for a default letter. On 28/02/2010 they wrote apologising for this and said the charge should not have been applied as we were still in negotiations and they refunded the money, EXACTLY the same state of affairs as existed at the time of the lodging of the default status notice with the credit reference agencies!

As of 05/12/2011 I was sold like a piece of meat to Idem Servicing, a company I had never heard of. They were not so easy to deal with but I eventually agreed to maintain my £120 per month. I am now paying £123.53 monthly by standing order and next 28th August 2013 is the final payment. Idem Servicing cannot possibly see me as in default as they only acquired my balance on 05/12/2011. I have met every payment since. They have been asked to remove the default status and have refused. They have no valid reason to perpetuate this status.

COMPLAINT

I believe that Direct Line mis-used or, even, abused the default registration with the credit reference agencies in that they applied it whilst another department were considering my offer. There is an unwritten agreement between all banks that they will not deal with anyone who has an unsettled default notice against them. This amounts to a cartel, which is illegal! It ties you to the issuer of the default status. Good sense would be to read my credit history and it would be apparent that I was a financially responsible person but that I had a problem with just the one provider, Direct Line. Unfortunately, all banks use a "credit scoring" system where the software sees only the number and default (number 8) will kill any application to do business. I have tested this by applying to my master account provider, Santander, as they can see my account operation and can, therefore, identify a low risk situation. Good sense would be for me to enter a new agreement with a new provider, settle the default amount and then be free of the default status. The cartel excludes this exit strategy. Also, if you apply for credit and are refused, points are added to your status, thus lowering your credit status. This must be against my rights to organise my finances on a level playing field. I have written to Santander's unsecured risk management department explaining the situation in detail but they stick to the party line as opposed to reading the commercial risk as zero.

I believe that any provider who has their client cancel a direct debit will immediately apply a default notice, but, when the default status was lodged with the agencies, NOT ONE OF THEM wrote to me, thus walking all over my rights. They just accept what is given them by the banks. They COULD ask me for my side, they COULD advise me that I have the right of a 200 word reply to the status, but they don't. It would not be any good anyway as the scoring system seems to read numbers, not words. All in all, everything is done behind your back and all within the agreement of the cartel, which can never be in the interests of the client, only the banks. I care little for my status as, after August 2013, I will owe nothing to anyone and will be in no need of borrowing, however I still feel used and abused in all this. This cartel should be broken and dealt with by the EU, in my opinion.

You will also note that my payments to Idem are made by standing order. That is because I have seen the flaws of direct debit (**see EU addenda 2**). There is a large scale capacity for fraud on this system, which has already been done, sufficient to make the BBC six o'clock news. The EU might also deal with that problem. Really, it would be a good idea for the EU to have a code of practise for banking which it requires all banks operating in the EU to obey. This would be difficult due to the differences in the laws of all the different countries, but might help to control the annual theft of the companies stock (in the name of bonus). I call this theft because Royal Bank of Scotland took £43 Bn of the UK tax payers money to stay alive in 2008. That year was also the year that RBS carded a profit of £10.5 Bn and took £3.5 Bn as "bonus". Surely that year the profit and loss account was for the purposes of tax liability only. It is not a profit until the £43 Bn is repaid so I feel they stole the taxpayers money. Perhaps it should be the law that banks must be controlled to 10% bonus on their salary and that requirement be written into their articles of association and memorandum but this would also require some form of annual salary increase control, not an easy prospect.

The business of being sold like a piece of meat is very unsavoury. You go from dealing with a known, trusted and, in your view, reputable company to one you have never heard of. OK, I was in dispute with Direct Line but the new company were not so easy to deal with. Every letter I received had the threat of “actioning collection proceedings” in it. I showed the letter to a legal friend who is in the judiciary and he felt it came close to demanding money with menaces. I know that the contract for the loan requires you to sign to agree the loan to be sold but surely that removes your right to choice and if you do not accept, you do not get the loan. Perhaps it should be in the law that a company can only sell a loan to another company wholly owned by the same group of companies. Loans more than 7 years old are not likely to be recoverable in a UK court but some companies are buying debt lists where the debt is 20 or more years old. They do this as the target is likely to be a pensioner now. They use very hard scare tactics to extract payment. This is obviously the criminal element trying to be “legit”. Perhaps all loans over 7 years old could be banned by law from being traded.

Finally, when you have a default notice against you, providers are able to increase the interest you pay them without giving any reason. This was done to me by my credit card provider who increased the interest rate from 17.9% to 26.9% and then 29.9%. In a reply to a written request for a reason, I received a long letter which did all EXCEPT tell me why they did this. My card is mainly used for on line purchases. I have some mobility issues and, when the shop is heavy, I use the on line method to get what I need and have it delivered. The way the card companies work is also totally unreasonable. They advise you by letter of your new interest rate (even if you are owing plenty of money) and if you do not accept, you must stop using the card immediately (effectively they are telling you that you are no longer wanted as a customer).

You will also, once you have settled your default, be unable to take advantage of the interest rates offered to the general public, you will be offered a “higher risk” rate, even though reading the conduct of the card account on the reference agencies, it would be seen that the account is operated very responsibly. In my case I have a minimum payment of £30 to £40 on each monthly statement and usually pay £150 to £200. I will be at zero balance fairly soon now and will then settle in full each month.

In conclusion, I am sure you can see I have been denuded of my rights in this fiasco. I am almost through it because I refused to be beaten but most other people would not do so well. There is a lot to be done with the banking system because, if not dealt with, the banks are in a position to bring down society which would be the obvious result of world financial failure. Cartels must be identified and broken. I do see that there needs to be safeguards against serial borrowers, criminals etc. but the system should not be used as a cudgel against the honest man who has a dispute with his bank, nor should it operate in such a rigid way as it does now. I would ask if you are in a position to proceed with my complaint. If so, I will provide all documentary evidence as referred to in this document along with much more that proves the cartel. I hope to hear from you and I thank you in anticipation of your efforts on my behalf.