

Ross McEwan  
Chief Executive



21 July 2014

Andrew Tyrie MP  
Chairman  
Treasury Select Committee  
House of Commons  
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*Dear Andrew,*

Thank you for your letter of 8 July on the use of in-house debt collection agencies and solicitors.

The issues you raise in your letter reflect what had become a common industry practice in a sector that had come to put its own interests above that of its customers. While progress has been made and is visible in some areas, more work clearly needs to be done to fully embed a culture that is 100% focused on customer needs.

I totally accept that at RBS we must always make it clear to our customers who they are communicating with. When I looked at this issue it was clear that the approach we were taking with customers in financial difficulty did not meet my expectations or the standards I set for the business. I will not defend the continuation of a practice that does not meet those standards. The 'customer interest' test should be applied to every single thing we do as a business. This activity failed that test. As a business we had made a decision earlier this year to stop using in-house solicitors and in-house debt collection agencies - a practice that began in RBS in the mid-1990's. We have now accelerated the implementation of that decision and with hindsight we should have reached this point much sooner.

I have set out below our response to the specific questions you asked.

**Why did you choose to send letters in this form, rather than letters marked clearly as being from RBS?**

- Like other banks, we established an in-house solicitor (Green & Co) and in-house debt collection agencies, Triton Credit Services (TCS) and historically Unidebt which is now closed and has not been used for a number of years. We also used Tamarisk Debt Management (TDM) to deal with a comparatively small number of cases where a payment by mistake was made and recipients had spent the money or were unwilling to return it.
- I believe the intention behind the establishment of Green & Co and TCS was to attract our customers' attention to the adverse consequences that could result from not meeting repayment obligations and to minimise costs through the use of internal services rather than external solicitors or debt collection agencies. A template letter is attached for your reference.

- Green & Co no longer takes on new work with all legal proceedings being undertaken by external firms. The use of TCS and TDM is being phased out (following a decision made in May) and no new customer contacts are being made.
- At no point were our customers charged for letters issued by any of our in-house agencies.

**Do you consider these letters to have been misleading to customers? / How many of these did you send, and to how many customers? / Which type of customers received them?**

- We have an obligation to our shareholders to recover outstanding debts, but I accept our communication should have been clearer to our customers. They would have received no different treatment had an external agency been used. For context:
  - Green & Co - is fully registered with the Law Society, and its solicitors are regulated by the Solicitors Regulation Authority. It is stated in letters to customers that Green & Co are an in-house practice of solicitors employed by RBS.
    - In 2013, 29,000 letters were issued by Green & Co to our personal customers and a small number of business and asset finance customers.
  - Triton Credit Services - is a registered trading name of RBS; this is stated in its letters to customers and it is included on the Bank's consumer credit permission.
    - In 2013, TCS issued 423,000 letters (to 119,000 personal and asset finance customers), who had either entered default and not made arrangements for repayment, or were already on an existing TCS repayment plan.

**When did you send such letters?**

- The initial stage of seeking to help personal customers in financial difficulty is always undertaken in the Bank's name with the vast majority of letters sent that way. In our asset finance business a very small number of customers received letters from TCS pre-default. Around 90% of customers who were experiencing financial difficulty have the situation resolved at this early stage in the process without the need for further recovery action.
- At the point a customer misses a payment or starts to experience financial difficulty, we do our best to contact those customers with the intention of agreeing with them how to bring their accounts back into line. We also provide a 30-day 'breathing space' (57,000 customers benefited from this last year) which allows customers' additional time to complete a common financial statement and work with an advisor, if they choose, to prepare affordable repayment proposals based on their ability to pay.
- Personal customers who as a result of our contact with them reach agreement on an appropriate course of action, and keep to it, will not be referred any further. When contact cannot be established or a suitable alternative arrangement reached a customer will receive formal correspondence directly from the Bank in accordance with the consumer credit regime requirements to terminate the credit agreement and a notice of default will be issued. Following this, a failure to respond to a formal demand from the Bank will result in a customer's account being placed with an external debt collection agency or solicitor. Until our process had been changed this could have been with an internal or external debt collection agency.

### Summary

We are redoubling our efforts to be simpler, clearer and less confusing in our customer communication. I have taken action in this instance to make sure our customer contact is consistent with that aim and to support our vision of RBS becoming the No.1 bank in the UK for both trust and customer service.

I would also like to place on record that we do a great deal to support our customers who are experiencing difficulties - we have specialist teams who take the time to understand each customer's situation and the options available to them. We actively encourage customers in financial difficulty to seek support from free independent money advice organisations and we try to identify customers who may be showing signs of financial difficulty and offer support before they actually begin to fall behind on their payments. Last year 163,000 customers benefitted from this support.

I hope this response is helpful to the Committee and if there are any further points that I can assist the Committee with please feel free to contact me.

A handwritten signature in black ink, appearing to read 'Ross McKelvey'. The signature is written in a cursive style with a large initial 'R'.

# Green & Co

SOLICITORS

PO Box 16334  
7 Brindley Place  
Birmingham  
B2 2YE

GRE001 00000025/00000025/346



Dear [REDACTED]

Your Royal Bank of Scotland Visa Classic account number: [REDACTED]

Who you owe money to: The Royal Bank of Scotland plc

What you owe: [REDACTED]

Reference number: [REDACTED] (You'll need this number when you get in touch with us)

We have been consulted by our client Triton Credit Services.

Triton Credit Services, who work for The Royal Bank of Scotland plc, have been trying to get in touch with you to recover the amount that you still owe. A formal demand for the payment has already been issued, which you have failed to respond to. We are informed that there is no reason for payment to be withheld.

It is now likely that we or another solicitors firm appointed by the Bank may be instructed to commence court proceedings against you without further notice. Alternatively your account may be passed to a Debt Collection Agency for further action.

This is your last opportunity to pay the [REDACTED] you owe.

You have seven days to pay a cheque to "Triton Credit Services". Make sure you write your account number on the back of the cheque and send it to:

Triton Credit Services  
PO Box 5827  
Basildon  
SS14 1XS

Freephone: 0800 163672

**Please note that court proceedings may involve you paying the legal costs incurred and may affect your ability to obtain credit in the future if judgment is obtained against you. We strongly urge you to act on this letter immediately.**

Yours faithfully

Green & Co