

The complaint

Mr L is unhappy about how Hoist Finance UK Limited (Hoist) responded to his settlement offer.

What happened

In November 2020 Mr L wrote to Hoist regarding the debt that he owed. He made an offer to pay approximately £525 in order to clear his debt which totalled £1,855.90. He explained he'd previously suffered with anxiety and depression and that he's sadly experienced a family bereavement. Although he was feeling better, he was now a student and not in employment but wanted to clear his debts and focus on his studies. He had £4,000 to repay his creditors and had made offers on a pro-rata basis.

In December 2020 Mr L chased Hoist for an answer to his offer and spoke to an advisor online. The advisor explained the offer was declined it but made a counter offer of £927.95 which they later explained could be repaid over six monthly instalments. Mr L was unhappy about this and wanted to raise a complaint.

On 5 February 2021 Hoist issued a final response to Mr L's complaint. They said the advisor hadn't acted unprofessionally. They added they weren't under any obligation to accept a reduced settlement. They said they were willing to discuss this further over the phone as they were unable to do so by email, but Mr L declined this offer. Hoist asked Mr L to complete a further financial statement. Mr L was unhappy about this as he already provided a financial statement. He also said other creditors have accepted his offer so why can't Hoist. He feels Hoist hadn't fairly considered his circumstances including his mental health.

Our investigator didn't uphold the complaint.

He said under section 7.14 of the Consumer Credit Sourcebook, Hoist had to give due consideration to a reasonable offer of repayment, provide a clear explanation as to why a reasonable proposal was rejected and not take any steps likely to intimidate Mr L to increase the offer – making a counter offer does not count as intimidation.

Our investigator said, it was up to Hoist to decide whether to accept an offer for reduced settlement of the debt and that the counter offer of 50% wasn't unreasonable. He said Mr L's offer was checked by two managers but declined – and this was communicated clearly to Mr L during the online chat.

Our investigator explained Hoist's counter offer was a significant reduction of the debt owed so he didn't think Hoist had disregarded Mr L's personal circumstances. He didn't think it was unreasonable Hoist requested another financial statement because Hoist had said if Mr L couldn't afford its counter offer then a repayment plan could be set up to reduce the debt.

Mr L didn't agree. In summary he felt Hoist didn't take his circumstances into account. In addition to his earlier comments he said he was being asked to put his education at risk by being asked to use his student loan and that Hoist had dismissed his mental health pushing

him to pay more than he could meaning he is stressed and not able to focus on his studies. He felt Hoist were bullying him.

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 appreciate that Mr L is anxious to be free of his debts as soon as possible so that he can focus on his studies and not have to worry about how much he owes. I also understand that he had a set amount of money (£4,000) which he'd hoped would clear all of his debts.

A business which owns a debt isn't required to accept a lesser sum than the amount owed. But I can see that Hoist did consider Mr L's offer which is what I'd expect to see in these circumstances. Hoist have explained Mr L's offer was referred to two managers who both declined it.

I've seen copies of the online chat between Mr L and Hoist's advisor and I can see it was clearly communicated to Mr L that his offer had been declined, and that this had gone through two managers.

Hoist made a counter offer which was approximately 50% of the debt. They also explained that Mr L could repay this in monthly instalments if Mr L was unable to make this payment in one instalment.

So based on what I've seen I think Hoist responded positively to Mr L. I understand Mr L is disappointed his offer wasn't accepted. However, as I've explained Hoist isn't obliged to accept partial settlement offers, and the decision whether to accept or decline any offer is a decision for Hoist.

During the online chat Mr L said he wanted to discuss his situation over email or via the online chat. Hoist said they couldn't discuss this by email due to their service level of five to ten working days and that they didn't deal with settlements via online chats. But Hoist did say they could speak to Mr L over the phone. Mr L declined the option of a phone call but I do think Hoist have demonstrated they tried to engage with Mr L to reach an outcome.

I appreciate phone may not have been Mr L's preferred method of contact, but I don't think Hoist's request was unreasonable especially given the nature of what needed to be discussed. Although this has been a difficult time for Mr L, I've not seen anything to suggest that he couldn't speak to Hoist over the phone.

Mr L has said he's unhappy he was asked to complete another financial statement. I can see he completed one around December 2020 time and was asked for another one in February 2021 in Hoist's final response letter. I can understand why Mr L would be frustrated at being asked to provide information he'd supplied to hoist only a few months before. But I don't think Hoist need to do anything here as Mr L doesn't seem to have completed a new statement. And in any event, a fresh financial statement may have been helpful given this may form part of his discussion with Hoist to try and agree a way forward.

Mr L has said he feels Hoist are putting his education at risk by asking him to use his student loan to repay his debt. I can understand Mr L may feel this way because Hoist are asking him to pay more than he originally suggested, but from what I've seen Hoist aren't asking him to do this. Hoist are eager to get an agreement for a payment plan in place to help Mr L reduce this debt and I would encourage Mr L to speak with Hoist to agree a way forward.

Mr L also feels that Hoist have disregarded his mental health, but I don't think they have. The reason I say this is because they have engaged with his offer and two managers have considered it. Although they've been unable to accept the offer, they've put forward a counter offer which is 50% of the debt Mr L owes, and they've offered for Mr L to repay this in instalments.

Mr L has said other creditors have accepted his offers and has questioned why can't Hoist. But it's up to each individual business to decide whether they accept a reduced offer. And it was up to Hoist to decide whether they wanted to accept the offer Mr L put forward.

I know this complaint means a great deal to Mr L and he'll be disappointed with my findings, but for the reasons I've explained above I think Hoist have acted fairly and I don't think they need to do anything further.

My final decision

My final decision is that Hoist Finance UK Limited do not need to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 October 2021.

Marie Camenzuli
Ombudsman