

The complaint

Miss R complains Link Financial Outsourcing Limited aren't writing off a debt she owes them when there's no reasonable prospect of her ever repaying it.

What happened

I issued a provisional decision, setting out what'd happened, and what I thought about that. I've copied the relevant elements below, and they form part of this final decision.

Miss R says she became disabled within the last five years and was diagnosed with an incurable condition at the time. She said she's been in financial difficulties for over ten years – and has sent Link over ten years' worth of financial income and expenditure forms which all show her situation has got worse not better over time. She said she's also sent them medical information which confirms she's got no reasonable prospect of ever working again.

Miss R says she's told Link's Specialist Support Team (SST) would help her, but says she's never had any support that meets her needs. She's also unhappy with Link's letters, saying she needs to call them, as she can't do that. She's also said she can't complete any more income and expenditure forms, due to her health issues – and when she has completed them in the past, with Link saying they'd consider writing off her debt, they haven't. Miss R is unhappy with this because of the impact the debt is having on her, and also says she can't understand why another lender has written off her debt, and Link won't.

I've been deliberately vague about when Miss R was diagnosed, and the specifics of her health, to protect her anonymity when this decision is published.

Link said they'd received similar complaints from Miss R previously, and they'd explained they're not obliged to write-off debts, but her circumstances were taken into account – and she was signposted to the SST. Link added Miss R does owe the balance, and they're willing to work with her to develop an affordable repayment plan. They also said they'd explained they'd attempted to contact her since her initial write-off request but require an up to date statement before moving forward.

Link said the SST had previously placed holds on her account, and they were prepared to consider writing off the debt if a new income and expenditure form is completed. So, because of that, they didn't uphold her complaint.

Miss R asked us to look into things. One of our Investigators did so, and found overall Link had acted fairly in their dealings with Miss R.

She strongly disagreed. She said she'd been discriminated against, and lenders must write off a debt if there's no reasonable prospect of the borrower repaying it. Miss R asks why her circumstances don't constitute a write off situation and says no one ever answers that question.

What I've provisionally 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 think it's important to explain lenders aren't required to write off a debt if there's no reasonable prospect of the borrower repaying it. But, for reasons I'll go on to explain, I think Link should write off Miss R's debt due to her circumstances.

Normally, I'd say Link haven't acted unreasonably in asking for the income and expenditure form to be completed. This gives them a clear picture of someone's circumstances and helps them to know what they can and can't afford. Although Miss R has said she's returned ten years' worth of these, Link appear to only have two.

The first of those is dated 26 February 2017. This shows she has a total income of £77.81, total expenditure of £4,991.62 – and per month has £4,913.81 less than she needs to live on.

The second form is dated 5 March 2018. This shows she has a total income of £278.92, total expenditure of £2,201.06 – and per month has £1,922.14 less than she needs to live on.

In both forms, she's mentioned mortgage arrears. So, in both forms Link do have on file, she's quite significantly in debit each month – strongly suggesting she can't afford the debt – and with a priority debt in place as well (her mortgage). And, if she were to keep up the repayments of £1 a month she's been making, it'd take over 670 years to pay off the debt. I can't see in their responses to Miss R they've clearly explained why she doesn't meet their criteria for a write off – something I can see has caused Miss R real frustration.

Miss R has been clear and consistent in saying she has a long-term incurable condition, and that tasks get more difficult over time. She's also said she's no longer able to complete income and expenditure forms because her memory isn't what it used to be. From what I can see, her circumstances changed in June 2020 when she was awarded a payment from the Government due to her disability – confirmed in a summary dated March 2021.

This form, which Link provided to our service, says Miss R can't verbally communicate, read or make any budgeting decisions without help. As Miss R completing an income and expenditure form would likely require all of these factors, I think this is important information to factor in.

In addition, I can see there's medical evidence recorded on file which says, "I confirm that in my professional opinion, due to their disability...Miss...R...is permanently unfit to actively seek or carry out any type of paid employment in their lifetime".

So, Link have been provided with evidence to show Miss R is in debt, doesn't have enough to live on month to month, isn't able to complete any new income and expenditure forms unaided – and there's medical evidence to say she'll never work again.

I think taking all of that into account, plus how long it'd take to clear the debt at the current rate, the fairest thing to do is write off the debt. When doing so, Link will need to update the relevant credit reference agencies to show the debt has been partially settled – as Miss R has made payments to the debt.

Miss R says she feels Link have discriminated against her given the problems she's experienced. I can understand why Miss R feels this way but having looked at all the evidence I don't think Link have done so. I hope it helps knowing someone independent and impartial has looked into her concerns.

Despite this, I do think they've not handled things as well as I'd expect. Link were told about Miss R's change of circumstances in June 2021, and it seems rather than critically assessing how her circumstances had changed, they just said they still needed an income and expenditure form – despite all the evidence they held at that time. So, I think it'd be fair for them to also pay Miss R £200 compensation.

Responses to my provisional decision

Miss R replied, and said she had nothing further to add, and agreed with my decision.

Link didn't provide a substantive reply by the deadline.

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.

As Miss R accepted my decision, and Link didn't provide me with any further information to consider, I still think Miss R's debt should be written off, the credit reference agencies updated – and £200 compensation to be paid.

Putting things right

I require Link to:

- Write off Miss R's debt
- Record the debt as partially settled with the credit reference agencies
- Pay Miss R £200 compensation

My final decision

I uphold this complaint and require Link Financial Outsourcing Limited to carry out the actions in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 24 February 2022.

Jon Pearce
Ombudsman