

The complaint

Mrs W complains that Sainsbury's Bank Plc didn't agree to write off her debt and handled her request poorly.

What happened

Mrs W has a credit card account with Sainsbury's and in January 2023 she contacted the bank to inform it of her medical condition and to ask that the outstanding balance of £5,372.72 be written off. Sainsbury's issued an acknowledgement and provided a 30 day breathing space which suspended interest and fees.

Mrs W wrote again in February 2023 giving an update of her situation. And in March 2023 she supplied her health records and character references. The bank asked for more information about her health and finances which she supplied in April 2023.

The bank did not respond and Mrs W contacted it again in November explaining that the delay was causing her distress and aggravating her condition. It didn't reply and so she brought a complaint to this service. After our involvement the bank issued a final response letter apologising for not reviewing the information Mrs W had submitted in April 2023 and for not providing a response. It explained that having reviewed her medical circumstances and income and expenditure details – it had decided to decline her request to write off the balance on the credit card account. It said that she didn't meet its medical write off criteria and offered her £150 for the delay in responding to her.

The complaint was considered by one of our investigators who recommend it be upheld in part. She acknowledged the bank's approach to applying a write off and the assistance it had given, but she thought it could have done more to support Mrs W. She accepted the bank did not have to disclose its criteria to Mrs W, but she felt its handling of the request fell short of acceptable standards.

She said Sainsbury's should stop pursuing the debt unless and until it is able to reasonably conclude that Mrs W is able to pay it. She also suggested the compensation be increased to £250.

Mrs W agreed, but Sainsburys said that the wording was too vague and wanted to be able to contact Mrs W to see if her circumstances had changed. It also was obliged to send Notice of Sums in Arrears (NOSIA) letters. During this period Mrs W was contacted by an agency demanding payment in full. Sainsburys agreed to put a stop on the account to prevent letters being issued while the matter was being resolved.

I issued a provisional decision as follows:

"I am in broad agreement with our investigator, but I think the wording of my direction needs to be slightly revised.

I will not repeat the reasoning given by our investigator in her view since both parties accept it and I also consider it to be fair and reasonable. That leaves the issue of the wording of my

direction.

Mrs W's situation means that she is unable to pay off her credit card account debt at the moment. However, it may be possible that her financial circumstances change and she will be able to address the debt. The issue is how best to ensure that she is not unduly pressured by Sainsburys but allow it to meet its regulatory requirements and make an informed decision in the future as to what action it need to take. That may well mean that it decides to write off the debt due to the likelihood of Mrs W being unable to pay it.

It seems unreasonable to place the responsibility on to Mrs W for her to notify the bank as to when she may be able to pay off all or part of the debt. I think some structure to the arrangement going forward will be of benefit to both parties.

As such I consider it fair and reasonable for the bank to contact Mrs W once every six months to establish if her circumstances have changed such that she can make a payment to clear all or part of the debt. It is also obliged to issue NOSIA letters.

I am concerned that the debt was passed to an agency while this complaint was being considered and I am pleased to note that the bank put a stop to that. However, it has caused Mrs W even greater distress and I consider the compensation for distress and inconvenience should be increased to £350."

Mrs W responded and said her circumstances had not changed for the better and she and her husband faced a very stressful situation. Even with a debt management plan it was difficult to manage their finances. The bank accepted the decision.

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.

Taking into account the responses I have received I have concluded that my provisional decision should stand unamended.

Putting things right

To put things right

- Sainsbury's Bank Plc should not pursue the balance on the credit card account unless and until it is able to reasonably conclude that Mrs W's circumstances have changed and that she is able to repay the balance in a reasonable period of time.
- It should contact her no more than once every six months for the purpose of establishing her circumstances and issuing a NOSIA letter.
- It should seek to retain the debt, but if it disposes it to another business the direction given in this decision should be made clear to the other business.
- It should also increase the compensation payment to £350. This is to be paid direct to Mrs W and not set against her debt.

My final decision

My final decision is that I uphold this complaint and I direct Sainsbury's Bank Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 15 October 2024.

Ivor Graham
Ombudsman