

complaint

Ms D complains that Tesco Personal Finance PLC refuses to write off 90 per cent of her debt.

background

Ms D has a number of credit, debit and store cards with Tesco. It is not in dispute that she is in financial difficulties and cannot pay off her debt at the moment. She says that she will never be able to. This is because her partner, who I will call Mr J, is permanently disabled and she is looking after him and his young daughter. Consequently she is unemployed. She is currently on a repayment plan of £20 per month. So she asked Tesco to write off 90% of her debt, and allow her to pay off the remaining 10% over a few years. (She calculates that to pay back the whole amount under the repayment plan would take over 20 years.)

Tesco refused to do so. Tesco accepts that Mr J will not recover, and that Ms D is currently looking after him and his child. However, Tesco does not accept that she will always be unemployed. It is not willing to write off the debt while there is a chance that she might return to work in the future. It told her that if this changes (for example, because she becomes his full time carer), then it will reconsider her case. In the meantime, it offered to consider a new repayment plan if she provided up to date details of her income and expenditure.

Ms D was not satisfied with that response, and she brought this complaint to our Service, represented by Mr J. Mr J says that Tesco based its decision on a remark he had made in jest to the effect that he might win the lottery one day. He says no weight should have been attached to this remark. He also said that they had been advised by a debt relief charity not to make any more payments to Tesco, but in spite of that advice they had continued to make payments and were still willing to pay 10% of the debt.

Our adjudicator did not uphold this complaint. He said Tesco had made a legitimate decision. There was no clear evidence that Ms D would not be able to return to work one day, and Ms D had borrowed the money from Tesco, so it was fair that she should pay it back.

Mr J asked for an ombudsman's decision. He said that he and Ms D would never be able to afford to repay the debt, and they should not have to live indefinitely with the anxiety this is causing them.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold it. I will explain why.

I was very sorry to read about Mr J's circumstances. I accept that his health is not going to improve, and that Ms D is currently looking after him and his child. I accept that she can't afford to pay more than £20 a month, and that at this rate of repayment it would take an excessive amount of time to repay what she owes.

However, I don't think Tesco's position is unreasonable. It has reached its decision on the basis that Ms D might be in a position to return to work in the future, and could then afford to pay more each month, and clear the debt within a reasonable time. It has also said that it will review the position again if it becomes clear that she will never return to work, such as if she

becomes Mr J's full time carer. So Tesco has not yet ruled anything out, it just does not want to prematurely take an irrevocable step.

I have seen no evidence to suggest that Tesco reached its decision for any other reason. In particular, it does not appear to have taken into account Mr J's light-hearted remark that he might win the lottery one day. If Tesco had done so, then I would not have hesitated to uphold this complaint. But I think that Tesco's decision would still have been the same if he had not said it.

If Ms D's circumstances change, then Tesco has agreed to review her position. If it fails to do so, or if Ms D is not satisfied with the decision Tesco makes at the time, then she will still be free to bring a new complaint to us about that (after she has complained to Tesco first). This final decision is only about the decision Tesco made in 2018.

If Ms D is struggling to repay £20 a month, then I would encourage her to tell Tesco about her income and outgoings so that it can agree a new repayment plan with her.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D (or Mr J on her behalf) to accept or reject my decision before 27 April 2019.

Richard Wood
ombudsman