

complaint

Ms J complained about the way Capital One (Europe) plc handled her request to consider writing off her debt.

background

Ms J had a debt with Capital One, on which she'd been paying £10 month. In September 2015, she wrote to ask for her debt to be written off, or for her monthly payments to be reduced further.

A series of phone calls and letters followed. Capital One asked for medical evidence, but Ms J said it would cost her money to get this. Ms J also said she wanted the debt written off not for medical reasons, but because her income wasn't keeping up with the cost of living and her personal needs. She wanted Capital One to write off her debt at 3% or reduce her monthly payments to £1.

Capital One apologised for the September phone call where it had asked for medical evidence, saying all cases were considered individually, and medical as well as financial evidence could be taken into account. After considering her request, Capital One wrote to say it had looked at Ms H's request to write off her debt, but she didn't meet the criteria. It suggested that Ms J get in touch with a debt management organisation, and provided contact details.

There were multiple letters, and some crossed in the post. After the September call, Ms J wasn't willing to talk to Capital One by phone. In early November, Capital One said it had suggested Ms J should contact a debt management organisation, and said it might review the request for a write-off when she'd done so. It said Ms J could continue to pay £10 month until then, but asked her to get in touch when she'd contacted a debt management organisation, and if she couldn't pay £10 month. It said it would delay sending her debt to a debt collection agency until mid December, but it would then do so if it hadn't heard from her and she stopped making any payments.

Ms J said she did contact one of the organisations, but said she went through a long and uncomfortable process and that the accounting was manipulated. She said the organisation's main interest was to set up a debt management payment plan, but she wanted her debt written off and felt humiliated and misled. Ms J asked Capital One to reconsider her request to write off the debt, or she would pay £1 month.

In December, Capital One wrote to say it wasn't able to change its decision about writing off Ms J's debt, but it had set up a long term plan for £1 month from January 2016.

Ms J wasn't satisfied and complained to this service. She said she didn't know where she stood, and that it wasn't clear which letters from Capital One related to which of her letters. In January, Capital One sent Ms J's debt to a debt collection agency by mistake. It recalled it the next day, but one letter had gone out to Ms J.

The adjudicator told Ms J that it was a mistake that Capital One had sent the debt to a debt collection agency. She thought the overall service Capital One had given Ms J could have been better – in particular, that it could have told her the debt hadn't been passed on. She contacted Capital One, which agreed to offer Ms J £50 as a gesture of goodwill. Ms J accepted this on 3 February.

On 8 March, Ms J contacted this service again because she hadn't heard anything from Capital One and hadn't had the £50. She said she was no longer willing to accept £50. The adjudicator asked Capital One what had happened. It said the payment to Ms J had been put in the wrong queue, and it agreed to pay Ms J an extra £25.

Ms J wasn't happy with this offer. She said she felt fobbed off by Capital One and wanted answer to why it hadn't responded to one of her December letters. She said she was very upset and angry.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Ms J has made it clear that her complaint isn't about Capital One's refusal to write off her debt. And Capital One has set up a £1 month long term payment agreement on Ms J's account. I don't think it's helpful at this stage to try to disentangle all the points in the many letters and when each point was responded to. What I have to decide isn't about Ms J's account and what should happen to manage her debt for the future. The issue for me to look at is Capital One's handling of Ms J's complaint and whether the £75 it's offered her is fair and reasonable.

I note that Capital One wrote to apologise to Ms J about the phone call she objected to. There were lots of letters, and these did sometimes cross in the post, so the trail of correspondence is confused - but I don't think there was any unreasonable delay in replying to Ms J. Ms J had made a choice not to contact Capital One by phone any more, which I find she was quite entitled to do. But this did mean that letters, which were slower, might cross.

I also find that the message Capital One gave – that it couldn't write off her debt, but would consider the minimal £1 month on a long term basis – was given consistently.

I don't think it was unreasonable for Capital One to have suggested that Ms J should contact a debt management organisation, especially after Ms J had said that her request for the debt to be written off wasn't because of medical grounds. Ms J was unhappy because the organisation she contacted wanted to set up a debt repayment plan. Whether that was right or wrong, it wasn't down to Capital One, because the debt management organisation was completely separate.

I do find that Capital One made a mistake in January when it sent Ms J's debt to a debt recovery firm by accident. It recalled the account the next day, but I find that it would have been helpful to have told Ms J this, because a letter from the debt recovery firm was going out to Ms J. It also made a mistake in not paying Ms J's compensation promptly.

Taking these factors into account, I consider that Capital One's offer of £75 as a gesture of goodwill is fair and reasonable.

my final decision

My final decision is that I find that Capital One's offer of £75 as a gesture of goodwill is fair and reasonable and I order it to pay Ms J this amount. If the £50 has by now been processed, this leaves a further £25 to be paid to Ms J.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 11 April 2016.

Belinda Knight
ombudsman