

## **complaint**

Mr B has complained CitiFinancial Europe Plc gave a credit card to his father without assessing whether he could afford to pay.

Mr B is representing his father's estate in this complaint.

## **background**

Mr B's father died in April 2014. He found out his father had taken out about 12 credit cards years before. The estate was liable for debts of more than £70,000. Mr B couldn't understand how this could have happened. His father had a limited income. Along with his state pension he'd only had a small private pension. He thought his father had started applying for credit cards about 20 years ago when he was about 75. And he got into serious financial difficulties about 10 years ago when he was 85.

His father had a credit card with Citibank (known formally as CitiFinancial in this case). About 10 years ago he owed more than £3,500. He'd gone into a debt management plan and had made payments of £1 a month.

Mr B brought the estate's complaint to the ombudsman service.

Our adjudicator had difficulty getting information from CitiFinancial, although they gave us a copy of the final response they sent to Mr B's son. We asked them to write off the debt because of the circumstances of the complaint. They didn't agree. So this complaint has been passed to an ombudsman to make a final decision.

## **my findings**

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

It's worth noting firstly I believe CitiFinancial now accepts they've had time to consider Mr B's complaint. I know they didn't think this was the case a couple of months back. But I'm satisfied they've sent Mr B a final response about his father's credit card.

CitiFinancial haven't provided any further evidence to us. I think there's a fair chance this is because they have little information available. It's more than likely Mr B took out this credit card about 20 years ago. So I'm not surprised they haven't kept his application form nor have they got clear evidence of what they did when they considered his application. I know CitiFinancial has said they would have looked at the information Mr B gave them at the time. And they would have looked at his credit record if they felt it was necessary. I don't doubt that.

20 years ago credit card companies wouldn't have had to check someone's credit record before deciding whether to give someone a credit card. Even though they wouldn't know what other credit liabilities someone might have had. Nor did all credit card companies share credit information unless their customer wasn't making even the minimum monthly payment.

I agree with Mr B you wouldn't expect 12 credit card companies nowadays to act in isolation. As I believe may have happened when his father made his applications. We have different

expectations about how credit card companies should behave. And the rules are different too.

I've told Mr B I don't feel it'd be fair to view CitiFinancial's actions as we would now. So I don't think it's fair to say they shouldn't have lent the money they did to his father. Mr B accepts his father spent the money.

CitiFinancial has offered to write off two months' interest and charges added to Mr B's account once they knew he was in financial difficulties. This amounts to £130.25. I think I can assume Mr B was in financial difficulties – and using credit cards to pay off credit cards. I've seen statements for the other accounts he held. I believe this was going on for some time before he felt able to acknowledge the difficulties he was in.

And knowing Mr B went into a debt management plan, I think the evidence shows he was in arrears and having difficulties making payments over a period. I've certainly seen he was using credit cards to take cash out. Nowadays we'd know this showed someone having problems managing. And I believe it's likely his debt increased because of fees and charges.

I've also noted some of the credit card companies Mr B had a debt with have decided to now write this off. It is now 10 years since Mr B started making payments of £1 a month to sort out his debts.

Like our adjudicator, I think it is fair and reasonable for CitiFinancial to write off Mr B's debt. I believe CitiFinancial passed this debt on to a debt collection agency some time ago. I leave it to them to decide whether they wish to buy the debt back or just settle it direct with the company now responsible for collecting it.

### **my final decision**

For the reasons I've given, my final decision is to instruct CitiFinancial Europe Plc to make sure Mr B's estate no longer has any liability to pay Mr B's old credit card debt.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B, on behalf of his father's estate, to accept or reject my decision before 9 November 2015.

Sandra Quinn  
**ombudsman**