

complaint

Mr N complains that Sainsbury's Bank plc is refusing to accept what he believes are fair offers to settle his debts. He's also unhappy it won't tell him what it's willing to accept.

background

Mr N took out a loan for £10,000 in 2014 but a year later he faced financial difficulties and made arrangements with Sainsbury's to make reduced payments of £20 per month. A year later it agreed to reduce these payments to £1 per month. It also agreed to stop charging interest on the debt.

Mr N has made several offers to settle his debt, which in February was £9,251.26. The latest of these offers was for £3,054.

Sainsbury's have rejected all of his offers of settlement. They've suggested that they would accept 75% of the outstanding balance but Mr N is disappointed they've not made a lower settlement offer.

Sainsbury's say it can't suggest a settlement figure as this would be "contrary to the lending code" and "viewed as exerting pressure to pay us rather than a priority debt".

Mr N thinks this is unreasonable and so he brought his complaint to this service. He says he's been trying to get "back on his feet" and put his finances straight and that he's been suffering from mental health issues. He tells us that he's been able to agree settlements with several other businesses that he owed money to. Despite offering proportionately more to Sainsbury's he's disappointed that they haven't accepted his offer or given him any idea of what is acceptable.

The adjudicator thought Sainsbury's had been sympathetic to Mr N. She noted that it'd suspended interest on his loan and reduced the repayments to help him. She didn't think it needed to do anything else.

Mr N disagreed and asked for an ombudsman's 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.

I know it will disappoint Mr N but I agree with the adjudicator's view on this complaint.

I think Sainsbury's has been sympathetic to Mr N. They've stopped charging interest on his account and have reduced his monthly payment to £1. They don't have to accept his offers to settle his debts for less than they're owed but they do have to consider offers from him and, if they don't accept, say why. I think they've done that and they have said they'll accept 75% of the outstanding balance.

Sainsbury's isn't willing to accept the figure Mr N has told it he can afford as a lump sum settlement of his debt. It's said that's less than it would be prepared to accept at this time. If his financial circumstances improve in the future, he may be able to make revised proposals.

And in the meantime, I think it's acting fairly towards him by agreeing to accept the £1 a month payments he's said he can make.

I don't think Sainsbury's has done anything wrong and I won't be upholding Mr N's complaint.

my final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 15 May 2017.

Phil McMahon
ombudsman