

## **complaint**

Miss L has complained that Arrow Global Limited will not write off a debt she owes it.

## **background**

### *facts*

Miss L has a debt for £1,178 with Arrow Global. She has explained that she is unable to repay this and is suffering from terminal illness and a number of other serious health problems, including severe mental health problems. She has said she is able to pay Arrow Global £150 in total. Arrow Global will not accept Miss L's offer. Instead, it said it would put the debt 'on hold' for a year, then review the situation in case Miss L's circumstances change.

Our adjudicator did not recommend that the complaint should be upheld, on the basis that the debt does exist, so Arrow Global is entitled to choose not to write it off.

Miss L asked for me to review the adjudicator's recommendation, and explained the high level of distress she is experiencing. As I was minded to depart from the adjudicator's recommendations, I issued a provisional decision.

### *my provisional decision*

It is not in dispute that the debt is owed, and in normal circumstances I would be satisfied that Arrow Global is entitled to pursue it. However, given Miss L's circumstances – specifically, her terminal illness, serious mental health problems and the fact that it seems extremely unlikely she would ever be in a position to pay off the debt – I also considered industry guidance regarding vulnerable consumers.

First, I looked at the Financial Conduct Authority's (FCA's) report published in April 2014, entitled 'Consumer credit and consumers in vulnerable circumstances'. This guidance defines a vulnerable consumer as '*someone who, due to their personal circumstances, is especially susceptible to detriment*'. It was clear to me that Miss L's circumstances are such that she should rightly be considered to be vulnerable.

I also looked at guidance issued in November 2014 by the Money Advice Trust and the Royal College of Psychiatrists, entitled 'Lending, debt collection and mental health: 12 steps for treating potentially vulnerable consumers fairly – a briefing for lenders, creditors and debt collectors'. I noted that Arrow Global was involved in contributing to this publication.

The guidance expressly refers to the need to treat consumers fairly, and discusses this in the context of consumers with mental health problems. Patently, the fact that a consumer has mental health problems does not mean a debt should simply be written off. However, Arrow Global is obliged to respond to Miss L's circumstances positively and sympathetically. Here, I am not satisfied that it has.

I accepted that Arrow Global is not actively pursuing the debt at the moment, so has taken some steps to take Miss L's circumstances into account. However, I thought its position that it will review this on a yearly basis to be unnecessarily onerous. It is my understanding that it is taking this course of action in case Miss L's circumstances change, for example her health improves, or she realises an asset that would enable her to pay off the debt. Given that her

illness is terminal, and she is in severe financial difficulties, I thought this to be wholly unlikely.

Accordingly, I was minded to find that Arrow Global should write off the debt in its entirety.

#### *responses to my provisional decision*

Miss L agreed with my provisional decision.

Arrow Global disagreed for, in summary, the following reasons:

- a) it believed it had treated Miss L positively and sympathetically by agreeing to hold collection activity, subject to an annual review, and not requesting payments;
- b) Miss L originally provided medical evidence to show she was suffering from a terminal illness, but has not provided anything more recently;
- c) Miss L had maintained regular repayments of £2 between November 2012 and August 2013;
- d) it feels it is inappropriate to write off the debt, as it would then show on Miss L's credit file as indicating that the debt had been settled, meaning Arrow Global would not be meeting its obligation to continue reporting accurate account information.

Arrow Global explained that as a gesture of goodwill, it will cease all collections on Miss L's account indefinitely.

Arrow Global has also expressed concern that, following the issue of my provisional decision, Miss L has contacted it regarding her credit file. As I did not make any proposals about this in my provisional decision, it has asked me to clarify the issue in my final decision.

#### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Having done so, I remain satisfied that my provisional decision represents a fair and reasonable resolution to this complaint.

I have already explained why I do not think Arrow Global went far enough to treat Miss L positively and sympathetically. I believe that given her health issues, in particular her terminal illness, it is in this case too onerous to essentially have the possibility of further collections 'hanging over' her head. This remains the case when considering Arrow Global's offer to suspend collections. I am satisfied that as this leaves the possibility of further collections somewhat 'hanging', it remains inappropriate in these particular circumstances. Nor do I think a regular payment of £2 for a nine month period speaks in any significant way to Miss L's ability to pay off the loan.

As regards Arrow Global's request that Miss L provide further evidence regarding her diagnosis of having a terminal illness, I think this is entirely unnecessary. She has already provided a medical report which states her diagnosis terminal and I am satisfied that this is sufficient.

Arrow Global has referred to the need for it to make accurate records against Miss L's credit file. As I am requiring it to write off Miss L's debt, this is what should be recorded and this would indeed reflect the accurate position. For the avoidance of doubt, I do not require Arrow

Global to remove the historical records of the debt from the credit file. This also means that default records will remain until such time as they 'drop off' the file.

**my final decision**

For the reasons given above, it is my final decision to uphold this complaint. I require Arrow Global Limited to write off the debt in full. I make no further award.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss L to accept or reject my decision before 9 April 2015.

Elspeth Wood  
**ombudsman**