

complaint

Mrs L complains that The Co-operative Bank Plc has not accepted her repayment proposals and passed her debt to a debt collection company. Mrs L wants the bank to administer the collections process and accept her offer to pay £1 per month.

background

Mrs L has two outstanding loans with The Co-operative. When she fell in to financial difficulties in 2011, The Co-operative agreed to suspend all interest and charges on the loan accounts for 30 months.

Mrs L says that during this time, she made various proposals to pay a token monthly amount but The Co-operative wouldn't agree. Mrs L says she found it hard to communicate with the bank. She is upset that the debt has now been passed to a debt collection agency.

The Co-operative is not willing to accept her offer to pay £1 each month as Mrs L has a negative income. But it has said that the debt collection agency might consider her offer.

The adjudicator didn't recommend that the complaint be upheld as she thought the bank was entitled to reject Mrs L's offer. And she didn't consider that The Co-operative had acted unreasonably when it passed Mrs L's debt to a collection company.

Mrs L disagrees with the adjudicator's conclusions. Mrs L wants the debt to be returned to The Co-operative so that she can pay £1 a month. Mrs L is in the middle of a court claim and hopes to receive an award of compensation in her favour. It is her intention to settle a number of debts, including the debt to The Co-operative, once the case ends.

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 appreciate that it will come as a disappointment to Mrs L but I broadly agree with the conclusions of the adjudicator.

I sympathise with Mrs L. Her income dropped substantially when she lost her job. She did the right thing when she contacted the bank to tell it about her financial position. And I can see that she has tried to reach a satisfactory repayment agreement with The Co-operative.

The Co-operative is required to respond positively and sympathetically to a customer who is in financial difficulty. I find that the bank did act in this way when Mrs L contacted it. The Co-operative agreed to suspend all charges and interest on the account for 30 months as Mrs L hoped to receive compensation from her court case. When the 30 month period ended, the bank gave Mrs L a further 30 days to complete and return a financial statement. The bank also asked her to send in some evidence about when the court case would be heard.

Mrs L sent the bank a budget that the debt charity, Step Change had previously prepared on her behalf. She told the bank that her income had decreased since that statement had been prepared. So, I can't fairly say that The Co-operative acted unreasonably when it declined her payment proposals on the grounds that they were unaffordable.

I consider that the bank made genuine attempts to help Mrs L when it gave her time to try and sort out her financial problems. I find that The Co-operative did everything that it was reasonably required to do.

I don't find that the bank has acted unfairly towards Mrs L. I have seen the bank's customer notes and it appears as though the bank kept in regular contact with Mrs L. Mrs L has complained that The Co-operative was making it difficult to communicate because different departments would contact her and not always share information. But I don't find The Co-operative made any error because Mrs L doesn't appear to have raised her concern about communication until she brought her complaint to this service.

I also find that the bank was entitled to pass Mrs L's debt to an external agency as it doesn't have to suspend her account indefinitely. Mrs L's court case hasn't been listed for a final hearing yet. And Mrs L didn't give the bank any further evidence of when the final hearing would take place. So I find that, having put the account on hold for a lengthy period, The Co-operative behaved reasonably when it sold the debt to a collections company as it is allowed to under the terms of Mrs L's account.

As Mrs L is already in contact with the debt charity Step Change, I recommend that she keeps in touch with it so that the charity can help her going forward.

my final decision

For the reasons set out above, my decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs L to accept or reject my decision before 26 March 2015.

Gemma Bowen
ombudsman