

complaint

Mrs B complains about the way Cabot Credit Management Group Limited has managed her debt.

background

Mrs B took out an unsecured personal loan with a third party in 2008. The amount outstanding is around £23,000. Cabot bought the debt from in 2012, but at this time another company was handling the account. Mrs B unfortunately had a car accident in 2013, and she has been unable to work since then. The account was handed back to Cabot to manage.

Mrs B made offers to settle her debit in early 2018. These were rejected. Cabot initially said it would accept £6914.27 to settle the debt. It later reduced the amount to £5000. Mrs B's counter offer was rejected. The account was put on hold due to Mrs B's pregnancy.

Mrs B complained to us as she says she cannot afford to pay off the sum Cabot is asking her to pay.

The investigator did not recommend that the complaint should be upheld. She noted that lenders are expected to respond positively and sympathetically to a borrower's financial hardship. But this doesn't have to take a prescribed form. Cabot isn't required to accept an offer, though she would expect it to take Mrs B's circumstances into account when discussing repayment of the debt. The investigator noted that Cabot has allocated Mrs B's case to their sensitive support team, discussed her income and expenditure with her, kept the account suspended and agreed to continue to do this until a future date.

The investigator noted that we can't force Cabot to accept an offer of settlement. This is a matter for it to decide.

The investigator considered that Cabot's advisors showed empathy and understanding for Mrs B's situation in phone calls. She did not think they placed pressure on Mrs B to commit to making a payment she cannot afford.

Mrs B is not happy to accept the adjudicator's recommendation. She says, in summary, that she was pressurised into repaying her loan at a time when she was upset and vulnerable. Mrs B felt Cabot were trying to get her to increase her offer to settle the loan. Her case was not properly reviewed as her other debtors did. Mrs B says she did not make an offer of £5,000 to settle her debt. She did not have this amount of money.

Mrs B says that Cabot said her husband's business may do well in future, however this is her debt not her husband's debt. Mrs B does not have access to this money. Mrs B says that Cabot have said they will accept £5,000 to settle the debt but she does not have this amount of money. Cabot pressurised her into increasing her offer without reviewing her situation in full.

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 was very sorry to read about Mrs B's accident and the health problems which she has had since then.

In considering Mrs B's complaint, I have had regard to the guidelines in the *Standards of Lending Practice* issued in July 2016, which I think represents best practice. This says that firms should apply "a sympathetic and positive approach" to support customers who are in financial difficulty, and provide them with "appropriate support and fair treatment." There is a list of ways in which this may be done (some of which are based on regulations). None of these require that a debt must be written off in every case where a customer is in difficulty or is vulnerable, but the ones which I consider to be most relevant to this complaint are the following:

"3. Firms should demonstrate an empathetic approach to the customer's situation; listening to and acting upon information provided by the customer with a view to developing an affordable and appropriate solution.

6. Customers who are in financial difficulty will, where appropriate, be signposted to free, impartial debt advice.

7. Firms should apply an appropriate level of forbearance, where, after having made contact with the customer, it is clear that this would be appropriate for their situation.

11. Firms should take into account the customer's circumstances and consider whether it would amount to a fair customer outcome to pursue, or to continue to pursue, the amount owed."

I think that guidelines 6 and 7 have been followed here. The debt has been on hold for a number of years. It is currently on hold until early 2019. And although I don't think that guidelines 3 and 11 require Cabot to immediately write off Mrs B's debt, I do think that they impose a continuing duty to keep that question under review.

The most recent medical evidence provided by Mrs B is a letter from her Orthopaedic and Spinal Surgeon dated 7 December 2017. This says:

"On examination she had a good range of right hip movement. She was tender over the groin tendons but I couldn't detect any specific abnormality there. Her low back was as it always has been; there was no specific sacro-iliac tenderness.

It is difficult to know exactly what's going on. Her hip looks normal on the X-ray following her sacro-iliac joint fusion and we obviously can't repeat that because of her pregnancy. I am going to discuss her with my hip colleagues at our meeting on Monday and I will feed back to her as to the best way forward and whether this is just going down the route of physio for it or an ultrasound guided injection."

Cabot says this letter suggests Mrs B may be able to work in the future as her hip looks normal and there is no abnormality. Because of this, it is not prepared to offer a sum lower than £5,000 to write off the debt. In light of the letter from the Consultant, I cannot find that Cabot acted unreasonably in not accepting Mrs B's offer. It does not suggest that Mrs B will not be able to work some time after she has her baby. She can have a further hip x-ray at that time which may give more guidance on whether the problem with her hip is improving.

The time may yet come when accepting a lower offer is the right – or only – thing to do. But I don't think that was the only reasonable outcome in early 2018 on the medical evidence available. Nor is it for me to tell Cabot what the outcome of its next review should be, before it has had a chance to decide this for itself. Instead, it will remain open to Mrs B to ask Cabot

again to write off some or all of her debt, and then to bring a new complaint to our Service if she is dissatisfied with the outcome. As long as she is complaining about the outcome of a new review (and not the decision Cabot made in early 2018), we will be able to consider his complaint afresh.

But in the meantime, I do not think it would be fair and reasonable to say that Cabot made an error when it refused to accept Mrs B's offer to settle the debt. That was a decision that was open to it to reach, and by putting Mrs B's account on hold it complied with the *Standards*.

Given Cabot asked for and considered Mrs B's health problems, I find that it has considered her ability to repay properly. Her account is on hold, and I don't find it is unreasonable for Cabot to ask her for more medical evidence when she can continue treatment for her hip after she gives birth.

I note that Cabot has said it will only accept a payment of £5,000 from Mrs B to settle the debt. Mrs B is currently pregnant and so she has not been able to have treatment to help her hip. I would urge Cabot to reconsider this figure if any additional medical evidence is received from Mrs B once she continues treatment after she gives birth.

Finally, Mrs B has said that other people have criticised Cabot online for their business practices. I do not have the facts of the other cases which have given rise to these views, and so I cannot comment on them.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 21 July 2018.

Rosemary Lloyd
ombudsman