

complaint

Mr and Mrs J complain that Cabot Credit Management Group Limited won't write off Mr J's debts.

background

Mr J had two credit card accounts with third parties. In 2011 and 2013 Cabot bought these debts. The current outstanding balances come to a total of nearly £25,000. In 2017 Mr J asked Cabot to write off these debts, as he could no longer afford to repay them. He said that his wife had been seriously ill for some time, and so she was about to retire. After that, his own income would only just be enough to meet their ordinary living expenses, and there was no prospect of repaying Cabot. He pointed out that some other creditors had already written off his debts with them. He enclosed his wife's medical records.

Cabot did not agree to write off the debts. But it put his account on hold for six months, and promised that it would review its position after that. In the meantime, it would not contact him. And it provided the contact details for some independent debt advice organisations.

Mr J was not satisfied with that response, so he complained to our Service, along with his wife. He said that their financial situation was not going to improve, and would in fact deteriorate once his wife stopped working (which I understand happened shortly afterwards). He provided medical evidence and information about their income.

Our adjudicator did not uphold this complaint. She said that Cabot didn't have to write off the debt, it only had to act positively and sympathetically. She thought that it had done that, by stopping collections activity for six months and undertaking to review the position again, and by telling Mr J about where he could seek advice.

Mr J did not accept that decision. He said he would never be able to repay Cabot, and he and his wife would face destitution if he tried to. So the adjudicator has referred this complaint to me for an ombudsman's 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.

I was very sorry to read about Mrs J's illness, which I can see has gone on for a long time. I wish her the very best in her retirement. However, the debts with Cabot are only her husband's debts – she is not jointly liable for them. That means that only Mr J is eligible to bring this complaint, so I will treat it as his complaint only. That has not however affected how I have reached my decision.

In considering Mr J'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, for the reasons I’ve described above. And although I don’t think that guidelines 3 and 11 require Cabot to immediately write off Mr J’s debt, I do think that they impose a continuing duty to keep that question under review.

Cabot’s answer to Mr J in July 2017 was not its final word on the matter. It said it would review his circumstances again in six months, and not pursue him for the debt in the meantime. I think that it was entitled to do that. Cabot didn’t have to write off his debt right away, and it is still able to consider alternative solutions, provided that it continues to treat Mr J sympathetically and positively, as it has done up until now.

The time may yet come when writing off the debt is the right – or only – thing to do. But I don’t think that was the only reasonable outcome in 2017. 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 Mr J to ask Cabot again to write off some or all of his debt, and then to bring a new complaint to our Service if he is dissatisfied with the outcome. As long as he is complaining about the outcome of a new review (and not the decision Cabot made in 2017), 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 write off Mr J’s debt. That was a decision that was open to it to reach, and by putting Mr J’s account on hold it complied with the *Standards*.

my final decision

So my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr J to accept or reject my decision before 5 March 2018. But if we do not hear from him, then we will presume that he has rejected it.

Richard Wood
ombudsman