

## **complaint**

Miss M complains that East Kilbride Credit Union Limited ("EKCU") engaged in irresponsible lending to her.

## **background**

Miss M says EKCU sold her a £35,000 business loan to help support the business she was running. She says she borrowed the money in 2002 and has been paying it off monthly. But she says the business has now stopped trading and she says she feels she's been paying the loan off for a long time, but the balance isn't reducing.

Miss M also says she feels the loan was mis-sold to her, as her business wasn't performing well at the time, so she wouldn't have been in a position to repay it. So, Miss M says she'd like a refund as she no longer works and she's struggled to pay the monthly payments for years.

EKCU says its records show Miss M borrowed £15,000 from it in November 2005 repayable over 36 months at £498.22 per month including interest. It says at the time her share balance with it was £11,534 and she had no outstanding loans. And it says this was a personal loan to Miss M as it's never granted business loans.

EKCU also says it wrote to Miss M in April 2006 advising that her share balance was depleting and her loan balance now exceeded her share balance, but it didn't receive a reply. It says in May 2006 it agreed to reduce Miss M's monthly payments to £295 to help her through a period of financial difficulty. And it says during 2007 it began proceedings to recover the loan as Miss M hadn't responded to any of its letters.

EKCU also says Miss M attended an interview at its office in November 2007, following which its general manager agreed a further short-term reduction in her monthly repayment to £100 to help her through her financial difficulties. It says she signed an updated loan agreement and it suspended all legal action against her. It says Miss M then made monthly payments of £100 until August 2015, after which they ceased without its agreement. It says she failed to tell it about her change of address and it eventually traced her new address in November 2016. It says Miss M then made payments of £50 per month from December 2016 until November 2017. And it says her outstanding debt as at January 2018 was £8,114.26 plus costs.

In addition, EKCU says it doesn't accept the loan was mis-sold as Miss M's substantial share balance at the time meant it was in a position to offer her a personal loan of £15,000. It says it's made every effort to accommodate Miss M's changes of circumstances over the years by reducing her repayments where necessary. And it says in its view the outstanding loan balance is still rightly due, so a refund isn't an option.

Miss M complained to EKCU about this matter. And, being unhappy with its response, she complained to this service.

Our investigator thought Miss M's complaint shouldn't be upheld.

Miss M disagreed with the investigator's conclusions. So, the matter's been referred to me to make a 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've decided not to uphold Miss M's complaint and I'll explain why.

I note EKCUs confirmed it doesn't object to this service investigating Miss M's complaint despite the length of time since her loan was issued.

EKCU had a responsibility to assess whether the loan it made to Miss M was affordable. But there's no set list of checks that must be carried out when assessing affordability.

I'm satisfied from the information I've seen that this was a loan to Miss M in her personal capacity, rather than a business loan. I see in agreeing to lend Miss M £15,000 in November 2005 EKCU took into account her previous history of repaying loans it had made to her in 2003, 2004 and 2005. And it also took into account that at the time Miss M's share account with it had a credit balance of over £11,500. So, I'm satisfied that in the circumstances EKCU made a reasonable assessment of the affordability of the loan it made to Miss M.

I think it's clear from the information I've seen that EKCU responded positively and sympathetically when Miss M later made it aware of her financial difficulties. I see it agreed to a number of payment plans to try to help her. And I understand EKCU remains willing to discuss further options with Miss M to repay her debt. I think this is reasonable.

I see Miss M's raised several other issues during our investigation, including questioning what happened to the balances in her children's accounts with EKCU. It's told us Miss M was the sponsor of these accounts and that any withdrawal of funds would've been at her request and with her agreement. I've seen nothing to indicate there's been any wrongdoing by EKCU in relation to this issue, so I can't uphold this aspect of Miss M's complaint.

Miss M's also questioned the lawfulness of the repayment amount of £100 per month that was put in place following the meeting at EKCU's office in November 2007, given her relatively low income at the time. She's questioned EKCU's actions in contacting her employer about her debt. And she's told us a senior officer of EKCU has talked about her case to third parties in a social context.

In response, EKCU's told us £100 was the payment amount Miss M agreed to, based on her surplus funds at the time. It's told us its debt recovery processes including tracing employers and addresses are perfectly legitimate. And it's told us its officers are fully aware of the need for confidentiality and that the incident Miss M's referred to didn't happen.

Having carefully considered these matters, I haven't seen anything that would support a conclusion that there's been any wrongdoing by EKCU in relation to any of the additional issues Miss M's raised.

So, for these reasons, I can't uphold her complaint.

## **my final decision**

I don't uphold Miss M's complaint against East Kilbride Credit Union Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 23 August 2018

Robert Collinson  
**ombudsman**