

## The complaint

Mrs G complains that Morses Club PLC (Morses) didn't help or assist her when she informed it that she had become ill. She says Morses didn't listen and instead kept trying to collect payment towards the loan. Mrs G says the loan account has now defaulted which she doesn't think is fair.

## What happened

The issues Mrs G has, stems from a loan of £600 advanced on 6 September 2021. Morses has confirmed that Mrs G still owes it £715 as of May 2023 having paid around £310. Morses also says Mrs G's account hasn't been defaulted but it is reporting the account as being in arrears.

Morses considered Mrs G's complaint and issued its final response letter (FRL) on this matter on 12 September 2022. The FRL didn't uphold the complaint and in summary made the following conclusions:

- Payments had been missed on the account since November 2021.
- On 25 March 2022 a payment plan was agreed with Mrs G's agent to pay £5 per week. And this would've prevented further collection activity except for regulatory notifications. However, this 'hold' wasn't placed on the account.
- In July 2022, Mrs G said she would be sending to Morses information about her health, which meant further action was then paused until 1 August 2022.
- The information about Mrs G's health was received at the end of August 2022.
- Morses partly upheld the complaint, saying *"Although we have a duty of care to contact you and discuss the status of your account, I have been able to establish a scheduled action that was not placed correctly on 25 March 2022 [sic], when you discuss your circumstances with your AM. I have therefore upheld your complaint."*

Unhappy with this response, Mrs G referred the complaint to the Financial Ombudsman.

The case was then considered by an adjudicator, and she partly upheld it. She explained that Mrs G had a previous complaint dealt with by Morses in February 2022, and so although she wasn't commenting on it, the adjudicator explained that from that point of time, Mrs G was aware she may receive certain letters. Instead, the adjudicator considered Morses' actions from March 2022 onwards.

The adjudicator could see there were occasions where Mrs G was contacted even though she had made payments towards her payment plan. She also said, Mrs G had in effect overpaid under the terms of the plan – for example Mrs G made a payment of £15 on 31 March 2022. Although the adjudicator had concluded that at times it was right for Morses to have sent the arrears letters.

Overall she concluded that there had been occasions where Mrs G had been contacted by the Morses' agent when she shouldn't have been, and she also didn't think Morses had treated Mrs G fairly. To put things right the adjudicator recommended the following:

- pay £300 compensation for the trouble and upset caused by contacting her,
- remove the interest due for the loan and
- reach an agreeable repayment plan with Mrs G.

Mrs G responded to say that she had never been contacted by the vulnerability team and her credit file is showing that Morses has defaulted her account.

Morses didn't agree, and a summary of its response can be found below:

- Morses confirmed the account hold wasn't correctly placed on the account, as agreed on 25 March 2022.
- Although Mrs G arranged reduced repayments that doesn't alter the terms of the credit agreement which she signed and therefore arrears would continue to accrue.
- Although token payments were expected each month – and at times Mrs G paid more than that, a payment was still expected each month. For example, when Mrs G paid £30 on 25 May 2022, this was significantly more than the £5 per month she had agreed – and so further investigation may have been needed by it.
- Morses did ask for medical evidence and this was received from Mrs G and it didn't confirm any diagnoses but it was aware of further appointments Mrs G had.
- The vulnerability team have tried to contact Mrs G but it hasn't heard from her.
- Morses says no further action should be taken unless further medical evidence is provided by Mrs G.

After the complaint was allocated to me for a decision, I asked an adjudicator to obtain further information from both Mrs G and Morses.

In response to these further enquires, Mrs G provided;

- A screen shot of her credit file, showing Morses has marked this loan as being 'delinquent'.
- A list of medical appointments that Mrs G had attended (or was due to attend) from March 2023 as well as a list of the current medication she has been prescribed.

The adjudicator then forwarded the information that was received from Mrs G to Morses to see whether there was anything else that could be done to assist her.

Morses acknowledged the information it was given, and it confirmed some of it was the first time it had seen it – such as the medication Mrs G has been prescribed. It also confirmed it had written to Mrs G in February and March 2023 and but had not heard back from her.

At the moment, Morses says there just isn't enough evidence for it to justify writing the loan balance off. It also confirmed that it would work with Mrs G to set up a repayment plan for as little as £1 per month.

I proceeded to issue a provisional decision explaining the reasons why I was intending to uphold Mrs G's complaint in part and I was intending to ask Morses to write off the outstanding loan balance.

Both Mrs G and Morses were asked to provide any further comments and submissions as soon as possible, but in any event, no later than 4 August 2023.

A copy of the provisional findings follows this below in smaller font and italics and forms part of this final decision.

## **What I said in my provisional decision:**

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I've split this decision into two main parts, the first deals with Morses' actions when it contacted Mrs G – and what it knew and when. And secondly, the decision with the adverse information being reported to Mrs G's credit file.*

### **Harassment**

*I appreciate Mrs G says she has been harassed by Mores. But harassment is a criminal offence and not one that I am able to determine as criminal charges are prosecuted through the courts. What I am interpreting Mrs G's complaint to mean is that she feels it was too much and unreasonable.*

*I've considered both the Financial Conduct Authority Consumer Credit Sourcebook (CONC) – this is the relevant guidance and rules, and the Debt Collection Guidance (DCG) issued by the Office of Fair (OFT) trading which was the previous regulator of this type of credit. Section 3 of the DCG relates to "Unfair Business Practices". I've done this because there is reference to the DCG in CONC.*

*Given this is the wording of the regulation, I think it's pertinent to consider what both CONC and the DCG guidance says in relation to what has happened in this complaint.*

*However, thinking about what CONC and the DCG guidance says – Morses needed to take into account the individual circumstances of the complainant. And Mrs G had told it from at least March 2022 that she was ill and vulnerable. In addition, Morses knew from early notes that other members of her family were also potentially vulnerable – and so that would've impacted Mrs G's situation further. Yet Morses didn't appear to do anything differently.*

*I can see from the contact notes that Mrs G had difficulties repaying the loan shortly after it was approved. It would appear the first seven payments were made without any difficulty. But after that, payments have been sporadic.*

*Morses was put on notice that Mrs G was suffering from ill health on 19 January 2022. The note Morses has provided shows that she had been unwell, is paying for extra help, and is left with only around £11 per week in disposable income.*

*I can see between 11 March 2022, when Mrs G's account was taken off hold until 25 March 2022 when she spoke to it that there were 13 attempts to discuss Mrs G's outstanding balance with her. I don't think this was unreasonable, given that Mrs G had a balance to pay and Morses didn't know how, at this time she intended to do so.*

*However, at least by 25 March 2022 Morses was informed about Mrs G's health problems and the fact that very little was likely to change for her within the next three months. Morses says Mrs G agreed to pay £5 per week towards the balance and it agreed to place the account on hold for four weeks. Morses has explained this would mean it wouldn't actively pursue Mrs G through texts and phone calls but regulatory letters, such as a Notice of Sum in Arrears could still be sent. I don't think, at this time the actions of Morses were unreasonable.*

*Mrs G then made a £5 payment on 28 March followed by a £15 payment on 31 March 2022. However, despite agreeing to £5 per week Mrs G paid more than that at the end of March but then didn't appear to make any further payments.*

*Due to an error, that Morses accepts has been made – the account hold wasn't correctly applied, which resulted in calls and attempted visits by the agent.*

*On 6 May 2022 a new plan was set up following a further conversation with the agent –*

further details were provided about Mrs G's stays in hospital. At this point she agreed to pay £5 per month. On 25 May 2022 Mrs G made a payment of £30 – which is significantly more than Morses was expecting.

Morses says, this was the reason why after the payment was made it tried to contact Mrs G through text messages and through home visits. It made, according to the notes 13 such attempts through June 2022 and the beginning of July 2022.

I can understand, why Morses may have been concerned by the payment value because it was so much larger than it was expecting, but I don't agree with the adjudicator here, that as Mrs G had paid £30, she had in effect front loaded her payments for a period of six months.

It's also possible that Mrs G was trying to get ahead of the payments given she knew that she may need to spend further time in hospital. That may well have been Mrs G's intention, but is so, this wasn't communicated to Morses.

However, I also have to consider that Mrs G had agreed to pay £5 per month and yet the contact started in early June 2022, when at least she had made her May 2022 payment and wasn't at this time, in breach of the payment plan she had agreed.

But equally, I also have to balance this with the fact that Morses was aware that Mrs G was vulnerable and had been ill for some months. Mrs G says this contact was too much, and I can quite understand why she feels that way.

On 7 July 2022, Mrs G contacted Morses to let them know that she was vulnerable – something that Morses ought to have already concluded. On 20 July 2022 a further hold was placed on the account. It isn't clear why this wasn't done earlier.

Indeed, Mrs G provided a further health update on 4 August 2022 and she provided an update about her husband – which further reinforced that Mrs G was vulnerable. A further 28-days hold was then applied.

And due to the complaint process, it looks like that very few calls and contact were made between Morses and Mrs G after August 2022. Expect for Morses providing a system note showing its vulnerable customer team wrote to Mrs G in March 2023. I appreciate Mrs G has said she's not heard from Morses, but the evidence provided does show it wrote to her.

However, it really isn't clear, given the information Morses had why it has taken seven months for that team to contact her. This should've been done much sooner given the information Mrs G had provided it. To me, it doesn't seem that Morses has recognised that Mrs G may need additional support.

Ordinarily, given the circumstances of the complaint I'd recommended a significant award of compensation to Mrs G reflect the distress and inconvenience that was caused, by Morses not reacting to the information it had been given. However, I don't think, given everything else that it would help Mrs G in total to resolve the complaint and in fact would still leave her having to deal with Morses moving forward. And so, I've explained further below what Morses will need to do to bring this matter to a close.

### **Default**

Mrs G has sent the Financial Ombudsman a screen shot of a copy of her credit file. This shows that Morses is currently showing the account is being recorded as being in "delinquency".

This means, that Morses has reported that Mrs G hasn't made payments in line with the credit agreement. This does confirm however the account hasn't yet been defaulted. Morses has also supplied the Financial Ombudsman with the information it is reporting to the credit reference agencies. Morses is recorded the account as being "5" months in arrears, which further supports the loan hasn't yet been defaulted.

*Based on the information that I've seen; I'm satisfied the loan account isn't currently defaulted although it is being accurately reported that the account is in arrears. Although I am intending to uphold the complaint I am not going to be asking Moses to make any adjustments to the file.*

### **How I propose Moses should do to put things right**

*I have thought about what the adjudicator asked Moses to do to put things right which included, asking for a payment of compensation and to remove the interest from the loan. I have thought about this and I can quite understand why she recommended this.*

*But I also have to consider the fact that Mrs G has provided evidence of her continued health problems as well as hospital appointments she will need to attend in the coming weeks. Which I think further supports that Mrs G continues to be vulnerable and this is also reflected in the fact payments haven't been made to the account for some time.*

*I accept that Moses would want to do a new income and expenditure form to see what would be affordable for Mrs G – it has accepted that it agrees to payment plan for as little as £1 per month – which would have the effect of it taking many years for Mrs G to repay what she owes.*

*It is of course possible that the amount of time it would take to repay the loan could be reduced on the basis that Mrs G would be able to pay more each month. But there is, as far as I can see no realistic prospect of that happening given her current position.*

*Therefore, given the length of time that Mrs G has been unwell for, and has continued to be ill, there doesn't appear to be any obvious change in her circumstance in the near to medium term future, I think it's fair, and reasonable, that in this case, taking the individual circumstances that Mrs G loan account is closed without any further payments being made by her to Moses.*

*Give a balance that still remains on the account, I would've ordinary asked for a payment of compensation to be paid to Mrs G given the failings of Moses to have gotten to grips with the fact that she was and is vulnerable and there had been no change of approach in dealing with her. However, in this case, I do think this fairer, for both parties if the loan agreement can be ended, as it would allow Mrs G to move on. In those circumstances, I therefore will be recommending that in lieu of any compensation payment.*

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs G agreed with the provisional decision whereas, Moses asked for further information about Mrs G's health.

I thank Mrs G for providing the further information which has now been provided to Moses. However, no further response has been received so I think it's fair to now issue the final decision in order to bring this matter to a close.

I would add that the further information provided by Mrs G reinforces why I reached the conclusions that I did in the provisional decision and why I decided that the loan balance being written off is fair and reasonable in the circumstances of this individual complaint. I see no reason to depart from the findings I previously made.

And so, without any new evidence to make me think otherwise, I am still going to be directing Moses to write the balance off and I am still partly upholding the complaint.

I've outlined below what Morses needs to do in order to put things right for Mrs G.

### **Putting things right**

In order to put things right, Morses should do the following:

- Write off the remaining balance of the loan and
- Update Mrs G's credit file to show the loan has been partially settled, but Morses does not have to remove any adverse information that it has reported to date.

### **My final decision**

For the reasons I've explained above and in the provisional decision, I'm upholding Mrs G's complaint in part.

Morses Club PLC should put things right for Mrs G as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 15 September 2023.

Robert Walker  
**Ombudsman**