

## **The complaint**

Mr S complains that Sainsbury's Bank Plc will not write off his outstanding loan balance he owes them due to his medical conditions.

## **What happened**

Mr S was approved for a loan with Sainsbury's in March 2021. He has been suffering from financial difficulty and he suffers with chronic health conditions. Through a third party company he approached Sainsbury's to help him write off the outstanding debt, but he says they refused to do any of this, despite him being in arrears with his rent and bills. He says he completed and sent Sainsbury's a budget planner, so they know the financial difficulty he is in, but they have not offered any support or plan for him. Mr S made a complaint to Sainsbury's.

Sainsbury's did not uphold Mr S' complaint. They said when reviewing an account for being written off there is certain criteria which must be fulfilled. They were unable to disclose the criteria as they are bank sensitive, however, at present, they said the criteria have not been met. They warned him that his loan was in danger of defaulting. Mr S brought his complaint to our service.

Our investigator did not uphold Mr S' complaint. She said the write off of a debt is a commercial decision and given that Sainsbury's has said that his circumstances unfortunately didn't meet their criteria, she couldn't say they acted unfairly towards him. She said when a consumer is facing financial difficulties, a business is required to step in and consider short term action to allow the account to be brought back up to date.

Our investigator said that given several months had passed and the arrears were accumulating, she couldn't say that it would be reasonable for Sainsbury's to allow the account to continue falling behind, so she thought they acted fairly as they took steps to notify Mr S of the account status and to allow him to bring his account back up to date prior to beginning default proceedings. Mr S asked for an ombudsman to review his complaint.

## **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.

Mr S has made a number of points to this service, and I've considered and read everything he's said and sent us, including his medical information that he's forwarded to our service. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I must make it clear to Mr S that it is not within this service's remit to tell a business to write off an outstanding balance on medical grounds when Mr S does not meet their internal criteria for them to do so. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Sainsbury's to make changes to their policies and procedures, if necessary.

Sainsbury's have confirmed they were unable to write off the outstanding balance of Mr S' loan based on the medical information they provided and their internal criteria. So as Mr S was in financial difficulties, and unable to repay his contractual monthly payment with Sainsbury's, then I would expect Sainsbury's to show Mr S forbearance and try to work with him to see what options were suitable for him.

I'm satisfied that Sainsbury's did show Mr S forbearance here. While they couldn't write the debt off, they looked at Mr S' budget and this showed he didn't have the income to meet his contractual monthly payment. So Mr S offered to pay a £1 token payment, to give him breathing space. Mr S was told on 1 June 2023 call that *"Fees and interest are suspended from the next bill from the date the arrangement is put in place"*.

I've looked at Mr S' transactions and I can see that when fees and interest were charged on his account after this phone call they were reversed. So Mr S did not need to pay any interest and fees that he would have been liable for if Sainsbury's didn't agree to his token £1 payment each month. Mr S has been in arrears for a prolonged period of time due to his circumstances, but I'm satisfied that Sainsbury's have acted how we would expect them to and in line with the relative guidance regarding defaults.

My understanding is that Mr S' account has been passed to a debt collection agency, which Sainsbury's are entitled to do under section 17.1 of the terms and conditions Mr S agreed to when he signed his credit agreement. So while I'm sorry to hear about Mr S' health and financial circumstances, I'm unable to say that Sainsbury's were unfair in how they've dealt with Mr S' financial difficulty. So it follows that I don't require Sainsbury's to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 February 2024.

Gregory Sloanes  
**Ombudsman**