

## **The complaint**

Mrs F complained that Secure Trust Bank Plc, trading as V12 Retail Finance ("Secure Trust") irresponsibly granted a personal loan in August 2018 that she couldn't afford to repay, and that it didn't write off the balance in 2021 when she had financial difficulties.

## **What happened**

In August 2018, Mrs F took out a loan of £1,392.99 to purchase a bike. The agreement was over 48 months, and the total amount payable with interest was £1,855.20. The monthly repayment was £38.65.

Mrs F has since suffered health problems, and Secure Trust wrote off the remaining balance as a gesture of goodwill in February 2023. However, Mrs F thinks the loan shouldn't have been granted at all, and is unhappy that her credit record has been affected. She is also unhappy that, having contacted Secure Trust about the loan in 2021, it didn't agree to write off the loan balance at that point.

Mrs F complained to Secure Trust about this, and also complained that it had not written off the balance in the promised timeframe. Secure Trust upheld this last element of the complaint, accepting that it had not met the agreed timeframe. But it didn't uphold Mrs F's complaint about the original lending.

Mrs F then brought her complaint to this service. Our investigator looked into it, but didn't think the complaint should be upheld. Mrs F didn't agree, and asked for her complaint to be reviewed by an ombudsman.

## **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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website, and I've taken this into account here.

I've decided not to uphold Mrs F's complaint. I'll explain why.

In summary, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks required of a lender, but it needs to ensure the checks are proportionate when considering matters such as the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances. So I've considered whether Secure Trust completed reasonable and proportionate checks to satisfy itself that Mrs F would be able to make the repayments on the loan account in a sustainable way.

Mrs F sent in a copy of her credit report, and some bank statements from the early part of 2018, along with information from her GP explaining her health problems (although these were dated 2020). Secure Trust sent in copies of the loan agreement and payment history

and explained the figures it had used in deciding whether to grant the loan. It said that the information provided by Mrs F at the time indicated a monthly income of at least £1,400, and it estimated her expenditure - including the payment for the new loan – at around £900, leaving a good amount of disposable income.

I've looked at the credit report Mrs F sent in, and I can't see any information to contradict this. The credit agreements that Mrs F had at the time show no missed payments, and there's nothing to suggest that the estimated expenditure was out of line. I've also kept in mind that the new monthly commitment was less than £40, a relatively modest amount. So I've no evidence to suggest that Mrs F would have had difficulty in meeting the payments.

Mrs F mentioned in passing that she was in a debt management plan when the loan was granted. She has provided no details of this, and her credit history shows no missed payments that would suggest financial difficulties, or any arrangements to pay listed against any of her credit commitments. So I've no evidence of a debt management plan being in place in 2018.

So taking all this into account, I'm satisfied Secure Trust carried out reasonable and proportionate checks before agreeing the loan, and I don't think it acted unfairly in granting it – there's nothing to suggest that the monthly payments were unsustainable at the time of the application.

Secure Trust told us about the history of the account since it started. It said that payments were made successfully until August 2020, when Mrs F requested a payment holiday due to COVID 19. A further payment holiday was requested and agreed in November 2020, again due to the pandemic.

Secure Trust then said that in April 2021 Mrs F asked to reduce her monthly payments going forward as she was experiencing financial difficulties. It agreed a reduced monthly payment of £20.00 for a period of six months. It said that the payment holidays and reduced payments were requested due a change in circumstances rather than a concern about affordability when the loan was granted.

In September 2021 Mrs F asked to extend the payment arrangement, and at this point made Secure Trust aware of her health problems, at which time her account was adopted by its Specialist Support Team and a further payment arrangement was agreed for seven months.

Secure Trust told us that, in November 2021, Mrs F complained that she should never have been given the loan. It did not uphold the complaint, for the same reasons as outlined above. I should say here that Secure Trust has looked again at this point following Mrs F's recent complaint, reaching the same conclusions.

The payment history shows that Mrs F continued to pay £20 per month, and the account continued to be managed by the Specialist Support Team, until she contacted Secure Trust in January 2023, requesting that the remaining balance be written off due to her personal circumstances. This was agreed as a gesture of goodwill. As I noted above, Secure Trust didn't deal with this in the agreed timeframe, but it did settle the account in February 2023.

Mrs F has now questioned why Secure Trust didn't write off the balance in 2021 if it has done so now. I've thought about what she said about this, but I don't think Secure Trust could fairly have been required to write off the balance at that point. I don't have full details of what she told Secure Trust at that time, but as I've said I don't think that it did anything wrong in granting the loan, and Mrs F has had the benefit of it. So on the basis of the limited information I have, I think Secure Trust acted fairly in agreeing to reduced payments rather than anything more. Its decision now to write off the remaining balance is a goodwill gesture.

Turning to Mrs F's credit file, the copy I have is from June last year, and the loan is recorded as having an arrangement to pay. This is a correct representation of the position at the time. I note that Mrs F has also referred to entries on her credit record following the write-off of the loan balance. I don't have a full copy of Mrs F's *current* credit record, so I can't say with certainty that the writing off of the balance has been correctly reflected, although equally I don't have evidence that it hasn't. I do think it would be helpful for Secure Trust to contact Mrs F in writing with an explanation of the information it has provided to the credit reference agencies about this loan since writing it off, and what she should expect to show up on her credit record, if it has not already done so.

In summary, I do not consider that Secure Trust acted unfairly in granting the loan to Mrs F in 2018. Neither do I consider that it acted unfairly in agreeing a reduced payment rather than writing off the balance in 2021. Therefore I do not uphold this complaint.

### **My final decision**

For the reasons given above, I have decided not to uphold Mrs F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 20 October 2023.

Jan Ferrari  
**Ombudsman**