

The complaint

Mr S is complaining that Clydesdale Financial Services Limited is requiring him to pay an amount it says is outstanding on his conditional sale agreement that he doesn't believe he owes.

What happened

In April 2016 Mr S entered into a conditional sale agreement through Clydesdale to acquire a car. The total amount payable on the agreement was £11,316 and was to be repaid over 48 months.

In April 2020 Clydesdale granted Mr S a three month payment holiday. Mr S says that, in July 2020, Clydesdale wrote to him to say he owed £191.77 on the finance agreement. So he sent it a cheque for this amount which he says Clydesdale cashed. So he believes he has settled the finance in full. However he says Clydesdale continued to send him letters requiring him to make further payments.

Mr S says he sent Clydesdale the letter he received in July 2020 a number of times to show he didn't owe anything further, but Clydesdale maintained he still owed money on the agreement. So Mr S raised a complaint that it continued to say he was overdue on his payments and said it would record adverse markers on his credit file.

Clydesdale responded to Mr S to say it had spoken with him to discuss the remaining balance on the finance agreement and it explained that the monthly payment due for July 2020 was £191.77 and then the final balloon payment of £4,900 was payable in August 2020. It said Mr S enquired whether it was possible to refinance the balloon payment through Clydesdale. It said Mr S asked for copies of his payment holiday exit letter and the options to refinance the finance agreement.

Clydesdale says Mr S called back again on 27 July 2020 to advise that he'd still not received the letters he'd asked for. And it said Mr S had said he'd received a letter saying he need to pay the balloon payment on 29 July 2020, which it agreed was incorrect. However, Clydesdale applied for the balloon payment on 29 July 2020, but it was returned unpaid.

Mr S called Clydesdale again on 30 July 2020 and explained what had happened. He then made a payment of £191.77. He then contacted Clydesdale again on 4 August 2020 and asked for a payment holiday, which Clydesdale agreed to. This meant the balloon payment didn't become due until November 2020.

Mr S says he later received an account statement from Clydesdale which he says set out he only owed £191.77. So he sent Clydesdale a cheque for £191.77 which it cashed. He says he now considers the account settled.

Clydesdale subsequently wrote to him to say he still owed money on the account. Mr S maintained that he didn't because he says he settled the account in line with the account statement. He's further unhappy that Clydesdale has recorded adverse markers on his account.

Clydesdale didn't uphold Mr S's complaint. It said the account statement incorrectly showed he only owed £191.77 because it had incorrectly taken the balloon payment in July 2020. But it said this was corrected after the payment was returned unpaid. It said it had applied the £191.77 as a payment towards the balloon payment. So it said he still owed £4,708.23.

Our investigator didn't uphold this complaint. She said she could understand why there was a confusion, but she said Mr S had been given the correct information on the telephone and he was aware the balloon payment was payable. But she thought Clydesdale could have done more to help Mr S understand what had happened. So she thought it should pay him £100 in compensation for the distress and inconvenience it caused.

Mr S didn't accept the investigator's opinion. He said he was willing to accept the £100 in compensation, but he said his credit file had been adversely affected. And he wanted the adverse markers removed as this was impacting his ability to get a mortgage. He said Clydesdale told him it would put the account on hold while this matter was being investigated.

Clydesdale accepted the investigator's opinion.

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.

I've come to the same conclusion as the investigator and I'll now explain why.

Mr S says he settled the account in line with the account statement, so he doesn't believe he owes Clydesdale any further money. But I don't agree. I can see Clydesdale sent Mr S an account statement on 29 July 2020 which suggested he only owed £191.77. But this took into account the fact it had incorrectly applied for the balloon payment that day. So the account balance was accurate at that time, on the assumption the payment went through. However, as the payment was subsequently rejected, the account returned to the correct balance.

Mr S spoke to Clydesdale numerous times before and after this statement and it's clear he was aware he still needed to make the £4,900 and had been enquiring about ways to pay it. He had also agreed to enter into a further three month payment holiday. So he was aware this amount was still payable.

I acknowledge he believes he settled the account in line with what Clydesdale had said he owed. But he entered into a contract with Clydesdale to repay £11,316 over 48 years and he hasn't done so. Clydesdale correctly explained to Mr S a number of times that he still owed £4,708.23.

I agree with the investigator that Clydesdale could have explained more clearly to Mr S what had happened. But I cannot ignore the fact that Mr S knew he needed to pay the balloon payment and he knew he hadn't done so.

I acknowledge he thinks Clydesdale didn't have any right to amend the final settlement figure. But, as I said, this amendment was to take into account the request for payment of £4,900 that Clydesdale took on 29 July 2020 didn't go through. And it was entitled to do this.

So I can't say Clydesdale has acted unfairly in requiring him to pay the remaining balance of £4,708.23. I note Mr S thinks it's unfair it's recorded adverse markers against him. But this payment was due on November 2020 and Clydesdale repeatedly advised him this was

payable. Mr S has said Clydesdale told him it would put the payment on hold, but I haven't seen anything to support this. And Mr S was aware Clydesdale was chasing him for this money given the account was in collections.

That said, Clydesdale acted unfairly in applying for the balloon payment in July 2020, which caused the confusion regarding the account balance. And I agree with the investigator that it should pay Mr S £100 for the distress and inconvenience payable.

However, it was Mr S's choice to not pay the remaining balance on the account that he was contractually required to pay. I appreciate Mr S felt strongly about this situation. But, as I said, he was aware he hadn't paid the final balloon payment that he was contractually required to pay. So I think he should have reasonably known he was in breach of his agreement in not paying the outstanding balance. And I can't say that Clydesdale has acted unfairly in recording the adverse markers it has. So, it follows, that I'm not requiring it to remove them.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Clydesdale Financial Services Limited to pay Mr S £100 in compensation. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 July 2022.

Guy Mitchell

Ombudsman