

The complaint

Mr L complains that Volkswagen Financial Services (UK) Limited (VWFS) didn't provide him with the support it should have when he encountered financial difficulties due to the Covid-19 pandemic.

Mr L is represented by a family member but for ease of reference I have referred to Mr L throughout this decision.

What happened

Mr L acquired a vehicle through a hire purchase agreement with VWFS in April 2019. He says he tried to speak with VWFS because of the financial impact the Covid-19 pandemic was having on his business, but he either couldn't get through or was put on hold and then cut off. He says he was sent letters about the debt accruing and the agreement was then cancelled.

Mr L says when he was able to make contact with VWFS it wasn't helpful and he was told that as his agreement had been cancelled he either had to return the vehicle which he needed for his work or pay a large amount of money which he didn't have. He says that when he was able to return to work, he asked for a new agreement and offered to repay the outstanding balance but VWFS weren't sympathetic. He says VWFS eventually agreed to no action being taken until further advice from the Financial Conduct Authority (FCA) had been received about how to treat customer's in Mr L's situation but it then sent recovery trucks to his address on two separate occasions.

Mr L also complains that after settling the agreement he received letters saying he still owed money.

VWFS issued a final response letter in January 2021. It said that it provided Mr L notice of the arrears on his account and a notice of default. It apologised for the issues Mr L faced in trying to make contact by telephone but noted its letters included other ways of making contact. It said as Mr L didn't make contact until after his agreement had been terminated so it was unaware of the cause for his non-payment. It said the termination of the agreement was irreversible. It said that a hold was put on the repossession of the vehicle until further guidance from the FCA was provided. This guidance was received saying that businesses could continue with their collection process and so it continued with its recovery process. It said that the letter about outstanding money post settlement was sent a number of months later and that this issue was resolved swiftly with it being confirmed no further money was due.

Our investigator didn't think that VWFS did anything wrong by terminating the agreement as payments hadn't been made and Mr L hadn't made contact to discuss the issue. He also thought that VWFS had acted fairly by putting action on hold while awaiting guidance from the FCA. However, he noted that it then sent recovery trucks to Mr L's address twice without telling him this would happen. He also noted the letters sent in error after the agreement had been settled suggesting Mr L owed more money. Because of the upset and inconvenience these issues had caused he recommended that VWFS pay Mr L £150 compensation.

Mr L says that following the settlement of the account he received a further letter asking for over £2,200. He didn't agree that £150 was sufficient given the actions of VWFS and the upset and inconvenience these had caused. VWFS agreed to pay Mr L £150.

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 understand why Mr L is upset by the circumstances he has experienced and that he feels VWFS didn't provide the support it could have given the issues he was experiencing due to the Covid-19 Pandemic. I have considered the different parts of Mr L's complaint and having done so I agree with our investigator that compensation of £150 is reasonable. I will explain my reasons for this.

Termination

Mr L's business was affected by the Covid-19 pandemic which meant he wasn't earning and couldn't make the payments due under his agreement with VWFS. His March 2020 was returned due to insufficient funds and this situation continued over the coming months. Mr L was sent letters about the arrears on his account and due the build-up of arrears a notice of default was issued in July 2020. As VWFS didn't hear from Mr L his agreement was terminated in August 2020.

I note the comments Mr L has made about receiving the letters and then trying to call VWFS but not getting through. Due to the Covid-19 pandemic, businesses were under increased pressure and I do not doubt that Mr L struggled to make telephone contact. However, VWFS did provide options other than calling to make contact and as Mr L didn't get in touch through these routes, I do not find that I can say VWFS was wrong to take the action it did.

Had Mr L made contact sooner then we would have expected VWFS to have taken the relevant guidance into account and potentially offered a payment deferral or other support. However, as contact wasn't made, VWFS wasn't aware of the reasons for Mr L's missed payments and therefore I can't say it did anything wrong by terminating his agreement.

Repossession

As the agreement was terminated before Mr L made contact in September 2020, there were limited options available. At this time Mr L asked that repossession be put on hold and VWFS contacted the recovery company about this. VWFS said that a hold would be in place until it had received an update from the FCA about repossession of the vehicle. I think this was reasonable.

However, Mr L says that while he understood the hold to be in place recovery trucks were sent to his address on two occasions. I appreciate that VWFS has explained guidance was received from the FCA saying that repossessions could go ahead but I cannot see from the evidence provided that it contacted Mr L to let him know about this before the recovery trucks were sent. I think this caused him unnecessary distress and inconvenience.

Letters following settlement

Mr L settled his agreement and received a letter confirming this. Given this I can understand why he was worried by a letter he received after this saying he still owed money. I can see Mr L was sent a letter about an outstanding amount dated 27 August 2021 and that contact was made with VWFS on 13 September. VWFS confirmed on 14 September that the letter

was sent in error and that there was no amount outstanding. So, while I appreciate the receipt of the letter was upsetting, I have taken into account the time that this issue was outstanding. Mr L received a further statement dated February 2022 which also suggested there was an outstanding amount. Our investigator looked into this and VWFS confirmed that there is nothing further owing on the account and no further statements will be sent.

Compensation

I appreciate that Mr L doesn't think compensation of £150 is enough. However, in this case, given the points made above I find that £150 is reasonable compensation for the upset caused by the recovery agents arriving when Mr L wasn't expecting this and the letters about the additional payments.

Putting things right

VWFS should, as it has agreed, pay Mr L £150 for the distress and inconvenience caused by the issues noted above.

My final decision

My final decision is that Volkswagen Financial Services (UK) Limited should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 19 July 2022.

Jane Archer
Ombudsman