

The complaint

Mr R complains that Volkswagen Financial Services (UK) Limited (“VWFS”) misinformed him about a breathing space hold which was applied to his agreement and believes this has negatively impacted his credit file. Mr R also complains that more repayments were taken from him than expected within a short amount of time.

What happened

In February 2022, Mr R acquired a used car using a Hire Purchase Agreement with VWFS where, among other things, regular, monthly repayments were to be made by Mr R.

Mr R was involved in an accident, which impacted his ability to work. On several occasions, Mr R contacted VWFS to request a repayment holiday. And on each occasion, VWFS did not approve a repayment holiday.

However, in February 2023, VWFS applied breathing space to Mr R’s agreement he had with them for 60 days.

Mr R said he received several reminders from VWFS to arrange repayments again and he said he was told he needed to pay immediately. Mr R was unhappy he continued to receive correspondence from VWFS and felt harassed by the correspondence he received.

In April 2023, Mr R contacted VWFS and, among other things, requested for the arranged date of his direct debit to be moved to later in the month, which was confirmed to have changed, starting in May 2023. He said he felt VWFS were aggressive and rude to him, and he said he felt forced to make a payment at that time. Mr R made a payment using his credit card which was for the same amount of his normal, scheduled, monthly repayment. He said he also agreed to an arrangement to pay £98 per month to clear arrears, which was to start in May 2023.

Mr R said VWFS attempted to collect more than what was agreed. Mr R was unhappy with how much VWFS had attempted to collect from him within a short amount of time and he said he has received a negative impact to his credit file as well.

VWFS contacted Mr R by phone after he complained to them. Mr R was unhappy with how he was treated by VWFS during this call. Mr R said he tried to explain to VWFS that he was hard of hearing, but said he was continuously interrupted.

VWFS later sent Mr R their final response and didn’t uphold the complaint. They said that they explained to Mr R in February 2023 that the breathing space they applied started on the same day he called them. And that he was informed they will not actively chase Mr R for the arrears by phone or email. However, they said they will continue to send regulatory arrears letters. VWFS said they also made Mr R aware of the implications to his credit file and that his direct debit would continue.

VWFS went on to explain that the repayment he had made on his credit card in April 2023 had cleared against the arrears he accrued from the breathing space hold. And as Mr R’s

direct debit had been reinstated, this caused his April 2023 regular monthly repayment to be attempted. VWFS also explained that his arrangement to pay £98 per month was still in place against his remaining arrears.

VWFS said they also listened to the call Mr R had with them and believed their representative was trying to explain their processes to him, and that Mr R kept interrupting him.

Our investigator issued her view where she upheld Mr R's complaint. In summary, she said VWFS should pay Mr R £100 for the distress and inconvenience caused by two payments being taken in the month of April 2023, when Mr R assumed only one payment would be taken. She thought more could have been done in explaining to Mr R how the payment he made in early April 2023 would have gone towards his arrears.

VWFS accepted the investigator's findings but Mr R didn't. Among other things, Mr R believed VWFS reported inaccurate information on his credit file. He believed VWFS hadn't correctly taken into account payments he had made to bring his account up to date and out of arrears. Our investigator clarified the payments she had seen Mr R to have made and said she believed his account was brought up to date in August 2023.

Mr R also said that in November 2023, VWFS assured him that his credit file would be amended following further evidence Mr R had supplied them. VWFS provided Mr R their final response on the matter where they offered him £100 due to the confusion. They explained that the representative Mr R spoke to was confident that the credit file could be amended but also confirmed that this decision was up to the credit file team to make. VWFS confirmed to our service that we could look at this complaint alongside the one Mr R had already referred to our service. And so, the investigator concluded and explained to Mr R why she thought the offer VWFS to have already made in relation to this was fair.

As Mr R disagreed with the investigator's findings, the complaint has been passed to me to decide.

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.

Having done so, I'm upholding this complaint and I'll explain why below.

I'm aware I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is at the heart of the matter here.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Mr R has made several complaint points. I will consider these in turn.

Was Mr R misinformed about the breathing space applied to his agreement?

Mr R believes he was misinformed about the breathing space hold applied to his agreement. He said he felt harassed during the 60 day hold. VWFS has provided our service their

contact notes for Mr R. Within them, I can see an email which was sent to Mr R following the call he made to them in early February 2023. The email said:

“We have placed 60 days breathing space on the agreement which will hold the account for this period of time. This will expire on 02.04.2023 and you will need to provide us with a further update by this date.

Please be aware your direct debit will continue and any late or missed payments can still register on your credit file which can impact future borrowing and lending for up to 6 years.”

VWFS also said they explained to Mr R that they will not actively chase him for the arrears by phone or email. However, they said they will continue to send regulatory arrears letters.

Considering everything here, I don't think VWFS did misinform Mr R about the breathing space hold applied to his agreement. It was clear it was to last 60 days up until early April 2023 and it was clear that missed payments would still impact Mr R's credit file.

I also don't think VWFS harassed Mr R by informing him of his arrears during this time as it is a regulatory requirement for them to do so. Mr R has provided copies of correspondence he received. And from what I have seen, VWFS didn't send Mr R any more communication than I would have expected. So, it follows that I don't think VWFS have acted unfairly in this instance.

Mr R believes he was pressured to make a payment when the hold ended in early April 2023

Turning my attention now to the call Mr R had with VWFS when he made a payment towards the arrears that had accrued. Mr R says that he felt pressured to make a payment. I have listened to the call and I don't think he was pressured. The call, in summary, was about whether the breathing space applied could be extended, and payments moving forward. Approximately mid-way through the call, Mr R tells VWFS that he would like to make a payment. So, it follows that I don't think he was pressured into making it.

The payments taken from Mr R once the breathing space had ended

Mr R believes VWFS attempted to take more repayments than they should have and that they shouldn't have taken a double payment in April 2023. I can see from a call note from early April 2023 which VWFS has supplied our service, where part of it said:

“Customer made payment for April rental today and changed payment date to end of month in May.”

I think this extract from the call note clearly shows that Mr R made a payment during that call. It also suggests that the representative for VWFS believed the payment was for the regular April monthly repayment for the agreement which was expected to be debited from Mr R's account later in the month. I have also listened to the call and there is some confusion as to what the payment made was for. So, I'm satisfied VWFS gave Mr R the impression the payment he had just made was for the April repayment on his agreement.

However, it later transpired that the payment made was to clear part of the arrears Mr R accrued while the breathing space was applied to his agreement. As a result, his April monthly repayment was still taken from his account on the scheduled date near mid-April 2023. Understandably, Mr R wasn't expecting this to happen and I appreciate it was a significant amount of money to be taken, with it being around £590.

Considering everything here, I think VWFS could have done more to clearly explain to Mr R what the payment he was expected to make on that date was for. If they had done so, Mr R would have been better informed about his arrears and that his regular monthly repayment was still due later in the month.

Mr R has explained the distress caused by this mistake by VWFS. With that in mind, I think VWFS should pay Mr R £100 for the distress and inconvenience caused.

Mr R believes he was treated unfairly by VWFS when they called him in May 2023 to discuss his complaint

Mr R says he feels VWFS has discriminated against him given the problems he experienced.

I don't think it is in dispute that communication broke down between Mr R and VWFS during a call in May 2023. I have listened to the brief call that occurred which lasted for less than three minutes. The majority of it was a representative going through security questions with Mr R to confirm they were talking to the right person, and then checking whether contact details they held for Mr R were correct. Part way through the call, the representative for VWFS began to explain the reason for the call and Mr R interrupted and asked to be taken off loudspeaker. The representative explained that he wasn't speaking through a loudspeaker and that he was calling using a headset. Moments later, Mr R said that he didn't believe the representative was listening to what he was saying and asked for a disability discrimination complaint to be raised regarding the call made. The representative tried to talk but was interrupted by Mr R, requesting to speak with a manager. Mr R also said part way through the call:

"I am tone deaf twenty per cent, and I said to you that I couldn't hear you properly... before you even let me explain to you, you kept interrupting..."

Mr R says he attempted to make VWFS aware during the call that he was hard of hearing and became frustrated. In his own words, Mr R says he felt VWFS "breached disability discrimination".

I recognise Mr R's strength of feeling about how he was treated during the phone call. However, I don't think VWFS has discriminated against him. Nor do I think VWFS has acted unfairly or unreasonably during this call. The communication between Mr R and VWFS appeared to have broken-down at the point Mr R believed he was on loudspeaker, and having reviewed the call, I think it's likely Mr R was convinced that he'd been treated unfairly. The call was about two and a half minutes in length. Both parties appeared to be communicating amicably for the first half of the call. I think a fair assessment of the call was that following Mr R's challenge about being on loudspeaker, VWFS wasn't afforded a reasonable opportunity, in the following moments, to engage with Mr R or to bring the phone call back on track.

All things considered, I've not seen any evidence that persuades me that Mr R was treated unfairly during this call, so I won't be instructing VWFS to take any action in relation to this part of Mr R's complaint. I hope that it helps Mr R to know that someone impartial and independent has looked into his concerns.

The impact of the arrears on Mr R's credit file

Mr R complains that VWFS recorded incorrect information on his credit file and provided a copy of his credit report which shows reporting up until 2 July 2023. As I've explained above, I think VWFS communicated fairly to Mr R what would happen while the breathing space was applied to his agreement; specifically, that any missed payments may impact his credit

file. VWFS has a legal obligation to accurately report missed payments to credit reference agencies. It follows that I don't think VWFS has acted unfairly by reporting missed payments during this period.

Mr R also says missed payments were recorded for further months on his credit file. I haven't been provided a more up to date credit report which shows the further months Mr R believes were recorded incorrectly. However, both VWFS and Mr R have confirmed that arrears were cleared in August 2023. So, I don't think VWFS has done anything wrong if they had reported the information about arrears up until when they had been brought up to date by Mr R.

VWFS has apologised to Mr R in a further final response for the confusion caused in suggesting his credit file would be amended. As, I've said above, I don't think the credit file needs to be amended in relation to the arrears that had accrued on Mr R's account. But, VWFS awarded £100 for the distress caused in suggesting that it would. I have listened to the call, and while I accept there is some confusion, I also think it was clear that during the call, a "request" was being set up to consider amending the credit file, and not a decision on it. Considering everything here, I think the £100 offer is fair. If Mr R would like to accept this offer if he hasn't already, I suggest he contacts VWFS directly.

In summary, I think VWFS incorrectly suggested to Mr R that the payment he made in early April 2023 was instead of his regular, scheduled payment later in the month. And, to put things right, VWFS should pay Mr R £100 for the distress and inconvenience caused. And I think VWFS's offer was fair in relation to them incorrectly suggesting to Mr R that his credit file would be amended.

My final decision

For the reasons I've explained, I uphold this complaint and I direct Volkswagen Financial Services (UK) Limited to pay Mr R £100 for the distress and inconvenience caused in relation to this complaint.

VWFS has already made an offer to pay £100 in relation to a final response issued to Mr R in December 2023. Mr R should contact VWFS directly if he now wishes to accept this, if he hasn't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 March 2024.

Ronesh Amin
Ombudsman