

## **The complaint**

Mr W complains about the quality of a car supplied to him by Oodle Financial Services Limited (“Oodle”)

### **What happened**

Mr W acquired a car under a 60 month hire purchase agreement with Oodle in March 2024. The car cost around £5,495. Under the agreement, Mr W was required to make one payment of £200.33, followed by 58 payments of £150.33, followed by a final payment of £200.33 if he wanted to keep the car. The car was supplied by a dealership I’ll refer to as “D”.

Soon after entering into the agreement, Mr W contacted Oodle and exercised his right to reject the car. Oodle obtained an independent report and following this, it agreed to Mr W’s request to reject the car. It formally agreed to this in its final response issued in April 2024.

Mr W says the car had been arranged to be collected in early April 2024, so he cancelled his insurance. However, the day after the car was due to be collected, it was damaged by a third party. Oodle said Mr W needed to repair the damage before the rejection could be accepted.

Unhappy with this, Mr W referred a complaint to this service. He said he wanted Oodle to accept rejection of the car and that he shouldn’t be liable for the further damage.

Our investigator looked into the complaint and partially upheld it. He said Mr W was responsible for keeping the car in good condition. He said because Oodle had previously agreed to accept rejection of the car, Oodle should collect the car from Mr W as he said Mr W was uncomfortable driving the car. He also said that Mr W should be liable to pay for the cost of the damage.

Mr W agreed. Before Oodle had responded, but within the deadline for response set by our investigator, Mr W told Oodle and this service that further damage was caused to the car which resulted in it being declared a write off.

Our investigator reviewed the complaint again and said that whilst Mr W wasn’t responsible for the damage on either occasion, Mr W should pay Oodle the cash price of the car as the car couldn’t be returned to Oodle.

Oodle agreed and said it would amend Mr W’s credit file once he had repaid the cash price of the car to Oodle. Following this, Oodle said it would work with Mr W and be happy to arrange a payment plan.

Mr W disagreed and said he shouldn’t have to pay anything for the car as it was nothing to do with him. He said he did everything right and it was unfair that he was being held liable for the cost of the car.

As Mr W remains in disagreement, the case 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.

Where evidence is incomplete, inconsistent or contradictory, I reach my view on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

I've read and considered the whole file and acknowledge that Mr W has raised a number of different complaint points. I've concentrated on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it – but because I don't think I need to comment on it in order to reach what I think is the right outcome. The rules of this service allow me to do this.

Mr W is complaining about what he has to pay under a hire purchase agreement. Exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement is a regulated activity, so I'm satisfied I can consider Mr W's complaint against Oodle.

In this case, neither party appears to dispute that the car had faults with it. I'm satisfied, having reviewed all the supporting information, that the car was of unsatisfactory quality at the time it was supplied to Mr W.

The outstanding issue for me to decide is how Oodle should put things right.

I can see that Oodle agreed to accept Mr W's request to reject the car in March 2024. It asked Mr W to take the car back to D, but he said the independent inspector advised the clutch could go at any time and so, he didn't want to drive the car. On 5 April 2024, Oodle let Mr W know D may be able to collect the car that day and said if it couldn't, it may be able to collect it on 9 or 10 April 2024. Mr W initially said 9 or 10 April 2024 would be better, but later said his mother would be available that afternoon.

Email correspondence between D and Oodle confirms that D attempted to collect the car from Mr W's address. D sent Oodle an email to say, "*We are at the customers address now there is no answer at the door*". So Oodle chased this up with Mr W and Mr W confirmed that his mother had been at the address. Oodle requested that Mr W deliver the car back to D and said it was unlikely the clutch would fail in the 1.2 miles that Mr W would need to drive to return the car. It said if it did, it would take liability for the costs. D said they could see the car parked on the drive but there was no answer at the door. The car wasn't returned by Mr W to D. The following evening, Mr W said a third party caused damage to the car.

Mr W says he was unable to claim on his insurance policy because he cancelled it. He says the car was supposed to be collected on 5 April 2024.

I've seen copies of all the correspondence between Mr W and Oodle and D and Oodle. From the correspondence, I can see that the first time Oodle told Mr W that D may be able to collect the car was on the morning of 5 April 2024. Oodle also updated Mr W around 2pm the same day to tell him that D had attempted to collect the car, but had been unsuccessful. At around 3pm, Mr W said his mother had been in all day and at around 4pm, Oodle asked Mr W to return the car to D.

I accept that Oodle did tell Mr W that D would collect the car from him on 5 April 2024. However, Oodle told Mr W around 12pm that this may be possible. By around 3pm at the latest, which was around the time of his response to Oodle, Mr W was aware that D had unsuccessfully attempted to collect the car. And by 4pm, Oodle had told Mr W to return the car to D.

The following day, damage was caused to the car and Mr W and Oodle were in dispute about how to put things right. After our service recommended that Oodle take the car back, within the time Oodle had to respond to this service, further damage was caused to the car, and Mr W said the car was considered a write off.

Under the terms of Mr W's agreement, it states:

***"5. Do I have an obligation to insure the vehicle?"***

*You must insure the vehicle and keep it insured at all times at your expense with a reputable insurer, to its full replacement value under a fully comprehensive policy against such risks as are ordinarily insured against. You must tell us and the insurer about any loss or damage to the vehicle within 48 hours of the loss or damage happening or coming to your attention, and whether you or anybody else will be making a claim against the insurer.*

#### **6. What are my obligations in relation to the care of the vehicle?**

*As the finance company will remain the owner of the vehicle during the agreement, you must look after it and there are obligations in relation to the care of the vehicle. Full details will be set out in your agreement.*

*Your key obligations will be:*

- *to keep the vehicle in good working order and good condition at your expense.*
- *to be responsible for all loss of, or damage to, the Vehicle even if caused by events beyond your control (except for loss or damage due to fair wear and tear which is commensurate to the age and mileage of the Vehicle)..."*

Having thought about everything carefully, I'm satisfied that Mr W was required to insure the car. And while Oodle had agreed to take possession of the car, I think it was unreasonable for Mr W to cancel the insurance for the car on 5 April 2024 or prior to this, given the whole conversation around collection took place over around four hours on that same day. As per the terms of Mr W's agreement, he had an obligation to insure the car and he was responsible for all damage to the car (unless it was due to wear and tear). I consider that the agreement remained in force – certainly at least until it was collected - and that Mr W was in breach of the terms of his agreement by not ensuring that the car remained insured whilst it was in his possession.

I accept that Mr W may not have actually inflicted the damage to the car on either occasion and that this damage may have been down to events outside his control. I can also appreciate why Mr W is unhappy. But insurance is taken out to protect against unforeseen events such as this and I don't think it was fair and reasonable for him to cancel his insurance policy while he still retained custody of the car.

Furthermore, by the second occasion, Mr W had already been told the damage caused on 6 April 2024 wouldn't be covered by his insurer and that Oodle wouldn't accept the rejection until the damage was repaired. I accept that Mr W may have considered it was unlikely that the car would be a target of further damage, but he could have and should have obtained insurance cover, given he would have custody for the car until it was repaired. Mr W didn't do this and there was no insurance policy to make a claim under when the second set of damage occurred in June 2024.

The second set of damage resulted in Mr W explaining that the car was declared a write off. I've seen pictures of the car and I can see that it is extensively damaged. Whilst I empathise with the circumstances Mr W has found himself in, as he had custody of the vehicle I'm satisfied that Mr W is liable to pay Oodle the cash price of the car. This is because whilst he was in possession of the car, he had a responsibility to insure it and he was also responsible for the car. Oodle supplied Mr W with a car and Mr W can't return the car back to Oodle. I don't think it would be fair and reasonable for Oodle to not either receive the car back or to receive the cash price of the car back from Mr W.

Overall, I'm sorry to see the position Mr W has found himself in. Oodle has already agreed to set up a repayment plan with Mr W for the cash price of the car and amend his credit file once the amount owing has been repaid. I think this is fair and reasonable in all the circumstances of this complaint. Having said this, I will take this opportunity to remind Oodle of its obligations to treat Mr W with forbearance and due consideration if he is currently in financial difficulty.

## **My final decision**

My final decision is that Oodle Financial Services Limited should put things right by doing the following:

- reduce the total amount owed by Mr W to £5,495;
- arrange an affordable payment plan with Mr W to collect this amount; and
- amend Mr W's credit file once the total amount of £5,495 has been paid to Oodle.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 October 2024.

Sonia Ahmed  
**Ombudsman**