

The complaint

Mr F complains that Oodle Financial Services Limited, trading as Oodle Car Finance, has terminated the hire purchase agreement under which a car was supplied to him.

What happened

A used car was supplied to Mr P under a hire purchase agreement with Oodle Car Finance that he electronically signed in November 2020. The price of the car was £43,790, Mr F paid a deposit of £2,500 and he agreed to make two payments of £996.23 and 58 monthly payments of £946.23 to Oodle Car Finance.

Mr F didn't make all of the required payments to Oodle Car Finance so it sent him a notice of default in August 2023 and then terminated the agreement in October 2023. Mr F complained to Oodle Car Finance. It acknowledged that it didn't respond to him in a timely manner and it apologised for the additional effort he put in to resolve the issue. It didn't uphold his complaint about not keeping him sufficiently informed of the status of his account. Mr F wasn't satisfied with its response so complained to this service.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She didn't think that Oodle Car Finance did anything wrong by terminating his account. She said that there were service failures but she didn't think that it impacted, led to or contributed towards the account termination.

Mr F didn't accept the investigator's recommendation and his complaint was looked at by another of this service's investigators who, having considered everything, recommended that it should be upheld in part. Although he considered that Oodle Car Finance was entitled to terminate the agreement, he said that it had agreed a repayment plan with Mr F and that to allow him to successfully make the first agreed payments and then terminate the agreement wouldn't have been a good customer experience for him. Oodle Car Finance had agreed to pay £100 to compensate Mr F for the confusion, stress, and inconvenience caused by that and the investigator thought that that was fair and reasonable.

Mr F didn't accept that recommendation and asked for his complaint to be considered by an ombudsman. He says that:

- the agreed payment plan of £400 per month wasn't intended to cover the entire remainder of the loan duration as he'd clearly explained that his income as a self-employed individual was variable and it was agreed that he would pay what he could afford during the plan, with the intention of making a lump sum payment before the end of the loan term to clear the remaining balance, including arrears;
- Oodle Car Finance has now admitted that terminating the loan agreement was a mistake but offering £100 to rectify its error doesn't sufficiently address the disruption caused; and
- the original loan term is set to end in November 2025 and a fair resolution would be to allow him until then to clear the balance, ensuring that the full loan, including arrears, is repaid in line with the original agreement.

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.

Mr F had electronically signed the hire purchase agreement in November 2020 and agreed to make two payments of £996.23 and 58 monthly payments of £946.23 to Oodle Car Finance for a car to be supplied to him. Oodle Car Finance described in the final response letter that it sent to Mr F in November 2023 the issues that there have been with Mr F's payments. It says that the first payment that was missed was in June 2021 and that, during 2022 and up until the account defaulted in October 2023, Mr F had set up over ten arrangements, with many of these being broken due to non-payment. It also said that notices of default were sent to Mr F in June 2022 and August 2023.

The August 2023 notice of default said that Mr F was in breach of the agreement because he had failed to pay the instalments due and his account was £11,362.80 in arrears. It said that to remedy the breach he must pay all the instalments in arrears by a specified date in August 2023. Oodle Car Finance's records show that Mr F contacted it about the arrears and that it was agreed that he would make six monthly repayments of £400 towards the arrears and that he would be selling part of his business in 2024 and would clear the finance from that.

Mr F made payments of £946.23 and £400 to Oodle Car Finance in September 2023 but Oodle Car Finance terminated the agreement in October 2023. It says that Mr F's account has remained in arrears since September 2021, his payments have been inconsistent and the arrears have continued to go up. It says that it has set eleven payment plans with Mr F but he broke nine of them and that he told it in September 2023 that the office at which he works had closed unexpectedly which could cause affordability issues. It also said that it would take Mr F 30 months to clear the arrears by payments of £400 each month which wouldn't be a reasonable payment plan so the decision was made to terminate the agreement.

I consider that Oodle Car Finance has responded to the difficulties that Mr F has experienced promptly and sympathetically by agreeing payment plans with him but it says that many of those plans have been broken, his payments have been inconsistent and the arrears continue to go up. It sent him a notice of default in August 2023 but he didn't take the required action to remedy the breach.

I consider that it would have been fair and reasonable for Oodle Car Finance to have terminated the agreement at that time but it agreed another payment plan with Mr F. He made the agreed payments to Oodle Car Finance in September 2023 but Oodle Car Finance says he told it that the office at which he works had closed unexpectedly which could cause affordability issues. Oodle Car Finance then decided to terminate the agreement and I'm not persuaded that there's enough evidence to show that it acted incorrectly in doing so.

The investigator said that agreeing a repayment plan with Mr F, allowing him to make the first agreed payments and then terminating the agreement wouldn't have been a good customer experience for him. Oodle Car Finance has accepted that it could have handled the termination better and it has agreed to pay £100 compensation to Mr F. I've seen no evidence to show that Oodle Car Finance has admitted that terminating the agreement was a mistake. I agree that Oodle Car Finance should have handled the termination better and that Mr F has been caused avoidable distress and inconvenience by the way in which the agreement was terminated. I consider that £100 is fair and reasonable compensation for those issues.

Putting things right

I find that it would be fair and reasonable for Oodle Car Finance to pay £100 to Mr F to compensate him for the distress and inconvenience that he was caused by its handling of the termination of his agreement. I'm not persuaded that it would be fair or reasonable for me to require Oodle Car Finance to reinstate Mr F's hire purchase agreement, to waive or reduce the outstanding balance of his account or to take any other action in response to his complaint.

Mr F still has the car and Oodle Car Finance provided this service with an account statement earlier this month which shows that the outstanding balance on his account is £33,751.70. I suggest that Mr F contacts Oodle Car Finance to discuss the options that are available to him and to try to agree an affordable repayment arrangement for the amount that he owes it. Oodle Car Finance is required to respond to any financial difficulties that Mr F is experiencing positively and sympathetically.

My final decision

My decision is that I uphold Mr F's complaint in part and I order Oodle Financial Services Limited, trading as Oodle Car Finance, to pay £100 to Mr F to compensate him for the distress and inconvenience that he was caused by its handling of the termination of his agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 March 2025.

Jarrold Hastings
Ombudsman