

The complaint

Mr H complains that Volkswagen Financial Services (UK) Limited, trading as Skoda Financial Services (“SFS”), mishandled the lease agreement he had for a car.

What happened

In December 2017, Mr H entered a three-year lease agreement for a new car with SFS. Unfortunately, there were some issues with the car and a like for like replacement was arranged in March 2019.

In November 2019, Mr H received a text message from a third-party collection agent, working on behalf of SFS, asking him to arrange an inspection and collection of the car. Mr H contacted SFS and asked why he had received this text. SFS responded that it had been an administrative error and offered Mr H £50 as compensation for the unnecessary contact. SFS says it asked the third-party collection agent not to contact Mr H again. As Mr H then received further contact from the third-party collection agent, SFS increased the compensation to £150.

However, in January 2020, Mr H received a letter from a debt collecting agency due to a “*failed collection*”, asking for arrangements to be made to collect the car. Mr H complained to SFS.

SFS says it investigated Mr H’s complaint and discovered that the original car had not yet been collected from the dealership, and there had been an error as the current car’s registration number had been provided to the agency. SFS apologised to Mr H and confirmed that there was no adverse information recorded on his credit file.

In February 2020, Mr H had cause to call out roadside assistance, but his request was declined as he was advised that his car had been SORN, and so had no road tax. The roadside assistance company told Mr H that this meant the car didn’t comply with the terms and conditions of its service.

Mr H complained to SFS. He said he had not been informed this action would be taken and, as the car was now untaxed, he had been using it on the road illegally and this may have had implications for his insurance cover.

SFS upheld his complaint. It said an administrative error had resulted in the declaration being made to the DVLA, and his road tax being cancelled. After discussing the matter with Mr H, it was agreed that SFS would reimburse Mr H three monthly payments made under the agreement, in recognition of the unnecessary distress and inconvenience caused to him. SFS also arranged for the car to be taxed.

Mr H complained to this service as he was unhappy at the way SFS had handled his account and his complaints. He said he didn’t accept there had been errors, but rather deliberate actions taken by SFS. He was very concerned about the implications of driving a car on public roads while untaxed, as this could have meant he was uninsured if involved in accident, and potentially left him liable for a road traffic offence.

Our investigator didn't recommend Mr H's complaint should be upheld. He said he thought SFS had acted fairly in providing the compensation it had, and in offering its apologies to Mr H in response to his complaints.

Mr H disagreed with our investigator's view. He said SFS had deliberately acted to make things difficult for him. It had been hard arranging for the first car to be replaced and he said SFS had provided him with a poor service. Mr H thought the compensation didn't recognise the potential impact of using the car illegally on the road.

As the parties weren't able to agree the complaint has been passed to me.

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.

SFS hasn't disputed that Mr H's account has been the subject of multiple errors, which appear to have stemmed from the replacing of the cars, and incorrect registration numbers being recorded in its system.

Mr H has raised the difficulties he says he encountered dealing with the first car, but that isn't something I can look into or comment on. This is because, although the changing of the car is linked to these events, what happened when the original car had to be returned isn't part of this complaint. Mr H's complaint to SFS was about the collection correspondence and the cancelling of his road tax.

Mr H has also said he found SFS's agents rude and difficult when he spoke with them on the phone. Again, this isn't something I can consider, as the way a business handles a complaint isn't in my remit as it isn't a regulated activity. If Mr H is unhappy about particular agents and their attitude and behaviour towards him, he will need to raise this with SFS.

I've seen that Mr H feels very strongly that the things that went wrong weren't due to administrative errors, but were deliberate actions targeted at him. I haven't seen any evidence to support the argument that this was the case. I think SFS has provided a plausible explanation about the error with the registration numbers. It has apologised for the errors and provided compensation. There has never been a suggestion that Mr H's account is anything other than up to date, and no adverse information was recorded on his credit file.

So, although I appreciate Mr H disagrees, I think it's reasonable to accept SFS made administrative errors with his account, which led to the texts and letters about collecting the car and the road tax being cancelled.

I appreciate that finding out the car had been SORN would have been shocking for Mr H, and he would naturally have been concerned about the implications. But, when considering what is a fair award of compensation, I need to consider the actual impact. There haven't been any insurance claims, or police involvement and I can't presume what the outcome would have been if these events had occurred. However, it's reasonable to say that this episode will have caused Mr H unnecessary distress and inconvenience.

Looking at the compensation that SFS has paid to Mr H, being £150 for the contact by the collecting agency, and three months' worth of payments under the agreement, I think this is fair and reasonable when considering the impact on Mr H. So, I wouldn't ask SFS to do more to resolve Mr H's complaint.

For the reasons given above, I'm not upholding Mr H's complaint.

My final decision

As set out above, I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 March 2021.

Jocelyn Griffith
Ombudsman