

The complaint

Mr K complains about the adverse information that Hyundai Capital UK Limited, trading as Hyundai Finance, has recorded on his credit file relating to a conditional sale agreement under which a car was supplied to him.

What happened

A new car was supplied to Mr K under a conditional sale agreement with Hyundai Finance that he electronically signed in November 2019. He agreed to make 36 monthly payments of £157.91 and a final payment of £5,922 for the car. He also signed a direct debit form.

The first monthly payment due under the agreement wasn't collected so he was charged a £35 late payment fee by Hyundai Finance and it recorded a missed payment on his credit file. Mr K settled the conditional sale agreement and complained to Hyundai Finance.

It refunded the late payment fee to Mr K but said that the direct debit was returned by Mr K's bank as having been cancelled so it wouldn't amend his credit file. Mr K wasn't satisfied with its response so complained to this service. He says that he requires £1,000 compensation and for his credit record to be cleared.

Our investigator recommended that his complaint should be upheld. He said that he'd seen no evidence to show that Hyundai Finance contacted Mr K's bank to set up the direct debt and that, on the balance of probabilities, the direct debit wasn't collected because of an error by Hyundai Finance. He felt that it was responsible for putting things right and should remove the negative information from Mr K's credit file. He thought that it should also pay him £200 to compensate for the distress and inconvenience that he'd been caused.

Hyundai Finance hasn't responded to those recommendations but Mr K says that he should receive more than £200 compensation.

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 agree with the conclusions reached by the investigator for these reasons:

- Mr K signed the conditional sale agreement and the direct debit form in November 2019 and I consider that it was reasonable for him to expect that the first monthly payment would be collected from him by direct debit;
- that didn't happen and Hyundai Finance charged him a late payment fee of £35 and recorded a missed payment on his credit file – but I've seen no evidence to show that it tried to collect the direct debit from Mr K's bank or that the direct debit had been cancelled;
- Mr K's bank says that it received no electronic request or communication to set up the direct debit on Mr K's account;

- I consider it to be more likely than not that the direct debit either wasn't set up by Hyundai Finance at all, or wasn't set up by it correctly, and that it then didn't properly investigate the reason for the missed payment before charging the late payment fee to Mr K and recording the missed payment on his credit file;
- Hyundai Finance is required to record true and accurate information on a customer's credit file – but I'm not persuaded that the missed payment that it's recorded on Mr K's credit file is true and accurate in these circumstances;
- Mr K has settled his agreement and Hyundai Finance has refunded the late payment fee to him – but I consider that it would also be fair and reasonable for it remove any adverse information about the conditional sale agreement that it has recorded on his credit file;
- these events will have caused distress and inconvenience to Mr K – and he's provided some information about the impact that these events have had on him;
- our investigator recommended that Hyundai Finance should pay £200 to Mr K to compensate him for that distress and inconvenience but Mr K says that he should receive more than £200 compensation (and in his complaint form he referred to compensation of £1,000);
- our investigator has said that he would consider any further evidence that Mr K was able to provide to show the impact that these events had on him – but he hasn't provided any further evidence; and
- I find that it would be fair and reasonable for Hyundai Finance to pay £200 to Mr K to compensate him for the distress and inconvenience that he's been caused – but I'm not persuaded that a higher award of compensation is justified in these circumstances.

Putting things right

I find that it would be fair and reasonable for Hyundai Finance to remove any adverse information about the conditional sale agreement that it's recorded on Mr K's credit file and to pay him £200 to compensate him for the distress and inconvenience that he's been caused.

My final decision

My decision is that I uphold Mr K's complaint and I order Hyundai Capital UK Limited, trading as Hyundai Finance, to:

1. Remove any adverse information about the conditional sale agreement that it's recorded on Mr K's credit file.
2. Pay £200 to Mr K to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 April 2021.

Jarrold Hastings

Ombudsman