

## **The complaint**

Ms J complains that Volkswagen Financial Services (UK) Limited ("VWFS") wrongly passed her details to two debt collection agencies. She says she doesn't owe any money.

## **What happened**

Ms J obtained a car using a hire agreement with VWFS in June 2019. She terminated the agreement early and VWFS told her she needed to pay £398.87. Having paid this amount, Ms J received letters from two debt collection agencies telling her she still owed VWFS £362.62.

VWFS said this was a mistake and that Ms J did not owe anything.

Our investigator thought VWFS should pay Ms J £150 for the distress and inconvenience it had caused her. And that it should remove any adverse information recorded on her credit file.

VWFS agreed.

Ms J didn't agree. She said she's worried about what personal information has been shared and that the whole situation has been very stressful. She thinks VWFS should pay her at least £400.

## **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 find I have reached the same conclusion as our investigator for the following reasons:

When Ms J paid the early termination payment of £398.87, VWFS has confirmed she did not owe it anything further. It wrongly recorded that she owed one month's payment. And, when this wasn't paid, it passed the debt to two debt collection agencies.

I fully understand it would have been upsetting for Ms J to receive letters from the debt collection agencies. And it's disappointing that VWFS did not respond to her complaint in July 2021 which may have resolved matters without the need for Ms J to refer to us.

Under the terms of the hire agreement, VWFS was able to share Ms J's details with debt collection agencies, but it should only have done this if Ms J was in arrears. It's confirmed she didn't owe anything.

Ms J should be compensated for VWFS's mistake. Whilst she didn't make a financial loss because of the mistake, she has experienced distress and inconvenience. I've considered this very carefully, but I agree with our investigator that £150 is fair and reasonable in the circumstances. I appreciate this is less than Ms J thinks she deserves. But I've taken into account that there was no financial loss as a result of the mistake, and the contact from the

debt collection agencies was limited – Ms J didn't receive any phone calls or messages, or multiple letters, from the debt collection agencies.

It's not clear whether VWFS recorded a missed payment on Ms J's credit file. It must ensure any adverse information about the account is removed from her credit file.

### **My final decision**

My final decision is that Volkswagen Financial Services (UK) Limited should:

1. Pay Ms J £150 for the distress and inconvenience caused.
2. Remove any adverse information recorded on Ms J's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 25 February 2022.

Elizabeth Dawes  
**Ombudsman**