

The complaint

Mr O complains about the lack of support received from Advantage Finance Ltd (“Advantage”) when he experienced financial difficulties as a result of the Covid-19 pandemic.

What happened

Mr O acquired a car through a hire purchase agreement with Advantage in 2018. The agreement was for 60 months.

In October 2020 Mr O contacted Advantage and explained he hadn’t been working since March 2020 due to the Covid-19 pandemic. The business granted him a 3 month payment deferral covering November 2020 – January 2021 inclusive.

In January 2021 Mr O contacted the business to request a further payment deferral of 2 months. The business granted him a further month deferral but told him he’d need to provide further evidence if he required another month deferral. This meant his February 2021 payment was also deferred.

In March 2021 Mr O requested a further extension to the payment deferral. Advantage say they asked Mr O to provide further evidence to assess whether they could do this, but Mr O says he wasn’t given the opportunity to provide any further evidence and it wasn’t requested from him.

Later in March 2021 Mr O raised a complaint with the business. He was unhappy because they wouldn’t extend his payment deferral and because he’d been given incorrect information by one of their advisors. Advantage responded to the complaint and confirmed he was given some wrong information by an advisor. They said he had been granted 4 out of 5 possible payment deferrals and said they could extend this by a further month provided they received evidence Mr O was still struggling due to the pandemic.

Unhappy with this, Mr O referred his complaint to our service. An investigator here investigated his complaint and upheld it. They didn’t feel he had been prevented from providing further evidence, but said that the Financial Conduct Authority (FCA) guidance issued to businesses during 2020 confirmed that consumers could request payment deferrals for up to 6 months and businesses should grant these requests unless it was not in the customer’s interests to do so.

The investigator recommended that Advantage should pay Mr O £150 to recognise the distress and inconvenience caused and ensure Mr O’s credit file did not have any adverse information registered about any missed payments for the period November 2020 – April 2021 inclusive. This is the period they could have granted him the 6 months payment deferrals for.

Advantage accepted this recommendation, but Mr O did not. He said he didn’t feel £150 reflected the distress and impact on his mental health and said he wanted an Ombudsman to look at the case and make a final decision.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Mr O was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it. The FCA issued guidance about customers who were faced with temporary payment difficulties as a result of Covid-19, that came into effect in April 2020. And this allowed financial businesses to grant a three-month payment deferral.

The guidance said, *"a firm should grant the customer a payment deferral for 3 months unless the firm determines (acting reasonably) that it is obviously not in the customer's interests to do so."*

The FCA issued updated guidance in July 2020, which allowed a payment deferral to be extended to a period of up to six months. They also said *"if the customer is unable to resume payments at the end of the payment deferral period ... the firm should work with the customer to resolve these difficulties."*

The above guidance was already in place when Mr O contacted Advantage originally in October 2020 and discussed a payment deferral. The guidance is also clear that *"there is no expectation under this guidance that the firm makes enquiries with each customer to determine the circumstances surrounding the request for a payment deferral, or whether this is not in the customer's interests."*

The business accepted the view from our investigator which said they ought to have provided Mr O with up to 6 months payment deferrals, as per the FCA guidance. I agree that this is the case. The guidance said they were able to do this without the need to investigate Mr O's circumstances in depth, unless it was obviously not in Mr O's best interests to do so. And I've seen no evidence to suggest this was the case.

Mr O says he wasn't given the opportunity to provide further evidence to prove he needed the further deferral. Advantage should have provided the payment deferral he was requesting without needing to see any further evidence. I accept that the contact notes from Advantage show they did discuss providing evidence with him, and he declined to do so, but I don't think this has any relevance on his complaint.

Mr O was granted payment deferrals for the months of November 2020, December 2020, January 2021, and February 2021. When he requested a further deferral for March 2021, Advantage could have agreed a deferral for a further 2 months (March 2021 and April 2021) without the need for further evidence. But they didn't do this. I am upholding Mr O's complaint on this basis.

Mr O has told us that he suffered stress and doesn't feel the £150 compensation originally recommended recognises the impact the situation had on his mental health. I was sorry to hear he suffered through this period, and I know that it was a difficult time for many people as we went through a pandemic, and the pressures that put on people's lives.

However, I agree with the award of £150 for the distress and inconvenience caused here. I think this reflects the additional trouble and upset caused by the actions of Advantage, alongside the wider problems the pandemic caused for people including Mr O. I also agree with the investigator's recommendation that Advantage ensure Mr O's credit file reflects the payment deferral that should have been in place.

Putting things right

Taking all the above into account, I'm satisfied that Advantage haven't treated Mr O fairly or reasonably. They should:

- Pay Mr O £150 for the distress and inconvenience caused.
- Remove any adverse entries from Mr O's credit file relating to any arrears registered or missed payments for the 6 month period November 2020 to April 2021 inclusive, when the payment deferral should have been in place.

I am not aware of the financial situation with the agreement since April 2021, but if Mr O is in arrears or suffered difficulties after this time, Advantage should treat him with forbearance in line with FCA guidance.

My final decision

For the reasons explained, I uphold Mr O's complaint and Advantage Finance Ltd need to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 25 July 2022.

Paul Cronin
Ombudsman