

## **The complaint**

Mr G complains that Startline Motor Finance Limited (Startline) treated him unfairly when he struggled to meet repayments, due to the Coronavirus (Covid-19) pandemic.

## **What happened**

In June 2019, Mr G was supplied a car through hire purchase agreement with Startline. Under the terms of the agreement Mr G was due to repay £25,777 over 60 months; with 59 monthly instalments of £429.45 followed by the final payment of £439.45.

In September 2019 Mr G was involved in an accident which led to the car being written off. Mr G's insurers paid £11,070.29 towards the balance on his agreement. The shortfall was £10,666.86, Startline agreed a settlement quote of £6,267.50 to be paid within 30 days. In December 2019 Startline agreed to extend the repayment period, with an initial payment of £430, then three payments of £1,750 in January, February and March and a final payment of £596.50 in April 2020. Mr G made the initial December 2019 payment and in January 2020 Mr G contacted Startline to request that he make the lower £596.50 payment in January, followed by three payments of £1,750, as he was having some difficulties and had an unexpected bill, Startline agreed to this.

In February 2020 Mr G contacted Startline again, he wanted to make a reduced payment of £1,250. Startline said Mr G needed to stick to the agreed arrangement and pay £1,750 or his account would be defaulted. Mr G made the agreed payment. Startline made a number of attempts to contact Mr G about his payments, but no payments were received in March or April 2020. In May 2020 Startline wrote to Mr G to advise the total outstanding balance of £10,666.86 was now due as the payment arrangement had failed, and a default was placed on Mr G's credit file.

Mr G complained to Startline, he was unhappy he was being asked to pay an extra £6,000. He explained he was experiencing financial difficulties due to the Covid-19 pandemic, he wanted to agree another repayment plan to pay the reduced settlement figure. Startline did not uphold Mr G's complaint, but it agreed to accept payment of the outstanding reduced settlement balance of £3,491 over three monthly payments of £1163.67 from August 2020. Mr G maintained this payment arrangement and cleared the outstanding balance in October 2020.

Unable to resolve his complaint, Mr G brought his complaint to our service. He is unhappy Startline refused to accept his request to amend the payment arrangement in February 2020, he wants Startline to remove the default from his credit file. Our investigator looked into the complaint, he didn't think Startline had treated Mr G fairly when he approached it in February 2020, which he thought led to a breakdown in the communication and subsequently Mr G not making any payments. To put things right he recommended Startline remove the default from Mr G's credit file.

Startline disagreed, in summary it said it treated Mr G fairly when he asked to make an initial reduced payment in January 2020. It said Mr G had not made it aware that he was in financial difficulties until May 2020 and in response it had agreed to accept the remaining

reduced settlement, despite the contractual balance of £10,666.86 being due. Startline said it had a responsibility to accurately record that Mr G did not maintain the initial payment arrangement, so didn't agree to remove the default it had recorded. Startline requested an ombudsman's 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.

Mr G acquired the car using a regulated hire purchase agreement. And our service is able to consider complaints about these sorts of agreements.

When considering what is in my opinion, fair and reasonable, I've taken account of the relevant law and regulations; regulator's rules, guidance and standards; codes of practice; and what I believe to have been good industry practice at the relevant time.

Mr G has told us he began experiencing financial difficulties as early as the end of January 2020, as his firm was impacted by the outbreak of Covid-19 in China and their early lockdown. Mr G explained that his work was performance related and he was no longer getting his bonuses, a number of people left his department and he also had an unexpected bill. Mr G said that when he approached Startline in February 2020 he tried to explain his situation, but the adviser was unsympathetic and simply said his account would be defaulted if he didn't stick to the agreed plan.

I can see from the contact notes Mr G contacted Startline on 31 January 2020 and explained he had an unexpected bill and 4 people had left his firm. He asked if he could make the smaller payment of £596.50 followed by three monthly repayments of £1,750. Startline agreed to this but noted it would not consider reducing any further payments. On 28 February 2020 Mr G contacted Startline again this time to request he reduce the £1,750 agreed payment to £1,250. There are no notes regarding why Mr G was requesting the reduced payments, but it's recorded that Mr G was told he needed to stick to the arrangement, or his account would be defaulted.

The Financial Conduct Authority's (FCA) rules Consumer Credit Sourcebook (CONC) states 'a firm must treat customers in default or arrears difficulties with forbearance and due consideration'. CONC 7.3.5 gives examples of treating customers with forbearance, including considering suspending, reducing, waiving or cancelling any further interest, deferring payment of arrears or accepting reduced payments for reasonable period. Having considered the relevant guidance, I think Startline did treat Mr G with forbearance in January 2020 when he first advised it about his financial difficulties, and it agreed to accept the initial smaller payment of £596.50.

However, I don't think Startline treated Mr G fairly when he approached it again in February 2020. It is clear from the contact notes Mr G had told Startline about the difficulties he was having at the end of January 2020, and whilst there is nothing specific to indicate in the notes that Mr G referred to financial difficulties again in February 2020, I think it would have been reasonable for Startline to enquire about Mr G's circumstances to understand why he wanted to make a reduced payment and ascertain whether he had recovered from the financial difficulties he told them about in January 2020. But I've seen nothing to indicate Startline considered Mr G's circumstances. And from Mr G's testimony he had a difficult call with the advisor in February 2020, who he didn't feel was sympathetic nor interested in his circumstances.

Startline made a number of attempts to contact Mr G about his arrears between March and May 2020, and whilst I appreciate Mr G had a difficult call with the adviser in February 2020, it was his responsibility to keep Startline updated about his circumstances and ultimately his lack of communication with Startline did not help the situation, he stopped making payments and Startline defaulted Mr G's account.

I can see that Mr G did get in touch with Startline in May 2020, when he explained he was experiencing financial difficulties due to the Covid-19 pandemic and had been furloughed. Startline subsequently agreed to accept payment of the outstanding settlement balance over three monthly payments of £1163.67 from August 2020. And Mr G maintained this payment plan. I think this response was reasonable and in line with the relevant FCA Motor finance agreements and coronavirus: temporary guidance for firms April 2020.

### **Putting things right**

I don't think Startline treated Mr G fairly when he requested to make a reduced payment in February 2020. Mr G was able to maintain the lower monthly repayment plan agreed in July 2020 and I think that if Startline had sought to understand Mr G's circumstances when he approached it in February 2020 he would have been able to maintain a lower monthly repayment plan based on what he could afford, at the time. And had this been agreed in February 2020, I think Mr G would have cleared the balance earlier and his account would not have been defaulted. Because of this I think it is fair for Startline to remove the default recorded on Mr G's credit file and mark the agreement as settled.

I've also taking into account that following the call with Startline in February 2020 Mr G stopped engaging with Startline and chose to withhold payments, and whilst I accept Mr G would have been frustrated by the call he had with Startline in February 2020, during what would have been a difficult and uncertain time, it was his responsibility to engage with Startline and maintain payment. Because of this, I will not be asking Startline to pay Mr G any compensation.

### **My final decision**

For the reasons set out above, I've decided to partly uphold Mr G's complaint and I direct Startline Motor Finance Limited to mark the agreement as settled and remove the default recorded on Mr G's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 June 2022.

Karen Dennis-Barry  
**Ombudsman**