

The complaint

Miss J complains that Black Horse Limited didn't provide the support it should have when she experienced difficulties making her repayments due under her hire purchase agreement due to the Covid-19 pandemic. She says that had the correct support been provided she wouldn't have needed to sell her car.

What happened

Miss J entered a hire purchase agreement with Black Horse in March 2019 to acquire a car. The repayments were for £349 a month over four years. In February 2021, Miss J contacted Black Horse as she had lost her job due to the Covid-19 pandemic and had taken a lower paid job meaning she was struggling to make her repayments. She says she had expected her salary to increase again in July or August.

Miss J requested a payment holiday and was told this could be provided for one month at a time and she would need to call back each month. She says that when she called to request a fourth month of payment holiday she was told she had already received five months and only had one more request left. The following month she was told she had used the full six months of payment holiday.

Miss J says that she had only used five month's payment holiday and was told that as there were 31 days in March she had effectively used two payment holidays that month. Miss J says that because she only had the benefit of five months of payment holidays her repayments were required before her salary was due to increase. She says this meant she had to sell her car meaning she lost the money she had invested in the car to that time. She also said that her payment in February 2021 was taken when she was told this wouldn't happen.

Black Horse issued its final response letter in July 2021. It said that no error had been made in the application of interest but that when Miss J called in February 2021 two payment holidays had been requested in the same month. Because of this it paid her £250 for the poor service she had received.

Miss J didn't think Black Horse' response was sufficient and referred her complaint to the Financial Ombudsman Service.

Our investigator upheld Miss J's complaint. He noted the issue about the February 2021 payment being taken but didn't think that Black Horse had done anything wrong in regard to this and as the payment holiday had been back dated to February and the February payment had been refunded he thought this resolved this issue.

Regarding the payment holidays, our investigator found the information provided by Black Horse wasn't clear and he thought Miss J was given misleading information about the reason for the issue with her payment holidays when she called in May 2021. He noted the compensation paid but thought there was more to consider. He said Miss J was entitled to six months of payment holiday and only received five. He noted the resolution Miss J had requested but didn't think that Black Horse was required to refund her payments or

insurance noting Miss J had use of the car while she was making these payments. He noted that Miss J was put in an awkward position of having to make another payment towards the car before she was expecting to but thought there could have been other options available before selling the car. He did think the issue had caused Miss J unnecessary stress and anxiety by not receiving six months of payment holidays and recommended Black Horse pay a further £300 compensation because of this.

Black Horse accepted our investigator's view.

Miss J didn't think the additional compensation was enough.

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.

Miss J contacted Black Horse Limited in February 2021 to ask about her options regarding her agreement as her income had reduced due to the Covid-19 pandemic. Having listened to the call she was provided with the different options including settling the agreement, voluntary termination and a payment deferral.

At the time of the call the Financial Conduct Authority (FCA) guidance in place for firms dealing with customers who were experiencing, or reasonably expected to experience, temporary payment difficulties as a result of coronavirus was that payment deferrals should be provided. These were initially recommended for three months and then the guidance was updated to say a second three month period should be provided, so long as there were no concerns that this would put the customer in a worse situation. In this case I think it reasonable that Miss J was provided with a payment deferral and think this should have been available for six months.

When Miss J called in February, her February payment was already in the process of being made and this was explained. Miss J said she didn't have the money to make the payment. The adviser notes this and puts in a request that no further attempts are made to take the payment. However, Miss J did have the funds in her account and so the payment was taken. Given the timing of the payment and the discussion about this I do not find I can say that Black Horse did anything wrong regarding this payment. Miss J called Black Horse after the payment was taken and it was explained that a payment holiday had been put in place retrospectively for February and that her February payment would be refunded. I find this resolves this issue.

Miss J was told that although six months of payment deferral was available, only one month deferral could be put in place on the February call and she would need to call back each month to have the next months' deferral put in place. However, when Miss J called to put the payment deferrals in place she was told she had been provided with more payment deferrals than was the case. In the May 2021 call, Miss J is given unclear information about the payment deferrals and the adviser does say the situation is confusing. In the response provided by Black Horse, this issue still remained unclear. However, the key point to note is that while Miss J was told she had six months of payment deferrals she was only provided with five. Black Horse recognised it hadn't provided the service it should have and paid £250 compensation. I think this is reasonable to compensate for the confusion caused however there is still the outstanding issue that Miss J should have been provided with payment deferrals for six months and only received these for five months.

Miss J asked for her payments to be refunded for the two years she had been paying towards the agreement. I do not require Black Horse to do this as Miss J had use of the car

for that period and so it is reasonable she would have made those payments. Miss J has said that because she was only provided with five months rather than six months of payment deferrals she needed to sell the car. While I appreciate she was in a very difficult situation at that time, it was her decision to sell the car and I do not have evidence to show that she had attempted other routes to mitigate her situation. I also note Miss J had said in the February call about selling the car back to Black Horse so this appears to have been something she had been considering.

Overall, while it was Miss J's decision to sell the car at that time I think the additional stress and anxiety she was caused by not having the full six months payment deferral and the consequences of this needs to be recognised. Because of this I agree with our investigator's recommendation that Black Horse pay Miss J a further £300 compensation. I know Miss J doesn't think this is enough but in this case I find this, along with the other compensation already paid is a reasonable resolution to this complaint.

Putting things right

Black Horse should pay Miss J an additional £300 compensation (additional to the £250 already paid) in recognition of the stress and inconvenience caused by not providing the full six months of payment holiday.

My final decision

My final decision is that Black Horse Limited should take the actions above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 4 July 2022.

Jane Archer
Ombudsman