

The complaint

Mr B says Volkswagen Financial Services (UK) Limited, trading as Skoda Financial Services ("VWFS") were wrong to send him an arrears letter after he settled his car finance agreement.

What happened

I issued my provisional decision on this complaint in May of this year. An extract from that provisional decision is set out below.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr B acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

Mr B settled his car finance agreement on 17 September 2021 but VWFS sent him an arrears letter on 29 September 2021.

Mr B is upset about that as he said there were no arrears. He's explained that any adverse reports made about his accounts to the credit reference agencies could affect his employment in the financial services sector.

In VWFS's final response they said:

"Within days of the monthly rental billing a payment was received totalling the settlement figure above. The payment ...did not allocate into your finance agreement until we already requested the monthly direct debit from the bank. As such, your agreement was settled, however the payment requested for 24 September 2021 reported as unpaid upon declined application from the bank and reflected as arrears. With the arrears showing as due, automated correspondence was sent out requesting you contact us".

Mr B has provided information to show the payment wasn't declined by his bank and that he had indeed kept the direct debit active. VWFS have now agreed that the payment wasn't taken because it was declined but rather it was reversed at their request.

So, I think they were wrong to suggest the payment had been declined and they should provide a written apology to Mr B so he can show his employers if required to. The apology should include an explanation that there were no arrears on the account and that they were therefore wrong to issue correspondence chasing those arrears.

VWFS's call logs show that on 11 November 2021 Mr B was still asking them for clarification

his credit file hadn't been impacted. Whilst I can see that VWFS confirmed there was nothing reported to his credit file they didn't do so until after Mr B paid for a copy of his file on 14 November 2021, to check if there'd been any impact. In those circumstances, I think VWFS should therefore refund the £14.99 Mr B has shown us the credit report cost him.

My provisional decision

I'm expecting to uphold this complaint in part and to tell Volkswagen Financial Services (UK) Limited to:

- *Issue an apology to Mr B as I've set out above.*
- *Refund the £14.99 Mr B spent on a credit report.*

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.

Both Mr B and VWFS accepted my provisional decision.

Putting things right

As the parties agreed with my provisional decision I've seen no reason to change it and that provisional decision now becomes my final decision on this complaint.

My final decision

I uphold this complaint in part and to tell Volkswagen Financial Services (UK) Limited to:

- Issue an apology to Mr B as I've set out above.
- Refund the £14.99 Mr B spent on a credit report.

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

Phillip McMahon
Ombudsman