

The complaint

Mr J is unhappy that WeFlex Ltd ("WeFlex") terminated his finance agreement and charged him more than had been agreed.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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.

I know it will disappoint WeFlex, but I agree with the investigator's opinion. Please let me explain why.

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 J acquired his car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The agreement was due to complete in September 2019 and at that point if Mr J had been up to date with his payments on the account he could have simply bought the car for £1. But as he was in significant arrears that couldn't be the case.

WeFlex allowed Mr J to keep the car for a further 18 months and I think they were sympathetic to the difficult situation Mr J found himself in and the problems he had e.g. with the pandemic, ill health, problems with the car, and with delays in getting his taxi license. They showed forbearance when noting Mr J used the car for work and not defaulting the agreement when they could have, and also when agreeing payment plans with Mr J to clear the arrears. Whilst they could have chosen to stop charging interest and late payment fees, I don't think they had to.

But I don't think WeFlex were fair when they took the car back in mid-2021. The debt at that point was £4,695.50 and had Mr J been able to clear the debt he could have taken possession of it for that amount plus £1. But WeFlex took the car away and charged him refurbishment charges that increased his indebtedness to £11,604.50.

I don't think that was reasonable or supportive and I think WeFlex should take some action to remedy the situation. I'll set that out in a moment.

Mr J says he's already paid more than what was agreed but I don't think that can be considered wrong. The finance agreement was for about £20,600 but there were additional costs for the insurance of about £8,680, late payment fees, congestion charges, and additional interest, to take into account. I think that explains the fees Mr J has paid and I don't think there's evidence he was overcharged.

Neither do I think WeFlex were wrong to apply a handling charge to the ULEZ fees. It was possible for Mr J to have arranged to pay these directly had he wished to avoid the charges.

Putting things right

I would agree with the investigator's suggestion that to put things right for Mr J WeFlex should waive the refurbishment charges they've levied and reduce the outstanding balance on the account, of £4,695.50, by the value of the car.

As the car has now been sold and WeFlex haven't provided information to show what it was sold for, I am persuaded that £1,200 is a fair value and I'm therefore asking WeFlex to reduce the outstanding balance of £4,695.50 by £1,200 leaving £3,495.50 to pay.

My final decision

For the reasons I've given above I uphold this complaint in part and tell WeFlex Ltd to waive the refurbishment charges and reduce the balance on the account by £1,200 leaving £3,495.50 to pay. They should arrange an affordable repayment plan with Mr J for the balance.

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

Phillip McMahon
Ombudsman