

The complaint

Miss A complains that Volkswagen Financial Services (UK) Limited, trading as Audi Finance (“VWFS”), didn’t do enough to help her when she was experiencing financial difficulties. She says she offered to try to clear the arrears, but that VWFS placed the account in default and terminated the agreement.

What happened

In August 2020, Miss A obtained a car through a hire purchase agreement with VWFS.

Miss A says she wasn’t able to make the monthly payments for a short period of time from May 2021. She says she had a more pressing debt that she had to prioritise. She says she completed VWFS’s forms more than once but that it didn’t respond. She says she asked it to only communicate with her by email, because she couldn’t answer the phone while she was working, but that it kept calling her. She says she made a payment in September 2021 and that she offered to repay the arrears, but that VWFS terminated the agreement.

VWFS said it tried to contact Miss A on numerous occasions following the missed payments from May to September 2021, but that she didn’t respond. It sent her a notice of default on 7 August 2021. It says it continued to try to contact her but, receiving no response, it decided to terminate the agreement on 28 October 2021 and instructed its agents to collect the car.

Our investigator didn’t recommend that the complaint should be upheld. He couldn’t see that Miss A had responded to VWFS or told it about her circumstances, with the exception of one email she sent in August 2021. He didn’t think VWFS had acted unfairly in terminating the agreement.

Miss A didn’t agree. She said, in summary, that:

- She’s provided proof that she sent emails to VWFS.
- She didn’t receive its letters as she was temporarily living at a different address.
- She submitted three or four financial difficulty forms to VWFS, but she only received one acknowledgement. She told VWFS that she couldn’t make the monthly payments and needed its support, but it didn’t respond.
- She told VWFS to only contact her by email. She didn’t know it was trying to contact her by phone.

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.

When she responded to our investigator’s view of her complaint, Miss A also provided some additional information about her personal circumstances. I won’t repeat what she said here, for confidentiality reasons, but I want to reassure her that I’ve understood what she’s told us and taken it into consideration in reaching my decision.

Miss A signed a hire purchase agreement in July 2020 and the first monthly payment was due in September. The direct debit was returned but, on 12 October, Miss A made a lump sum payment of £3,532.80. I'm satisfied, from what both parties have told us, that Miss A's intention was for this lump sum to cover the September payment plus the next seven months' payments, rather than using it to reduce the future monthly payments or reduce the contract term.

I can see a further phone call took place in January 2021. Miss A called to check when the monthly repayments would re-start, because she'd cancelled the direct debit arrangement following the earlier lump sum payment. At this point, Miss A had effectively still over-paid by £1,324.80 and VWFS said that, rather than using this to meet the next three months' payments, it could re-start her monthly payments but at the lower rate of £405.68. I'm satisfied from what Miss A told us – and the fact that she reinstated the monthly direct debit - that she understood and agreed this.

Payments were successfully made by direct debit in February, March, and April 2021. But the May direct debit was returned, and no payments were made from May to September 2021.

VWFS sent three arrears letters to Miss A in June and July. She says she didn't receive these because she was temporarily living elsewhere. But I don't find that she told VWFS about her temporary change of address, or her financial circumstances. She says she completed and submitted VWFS's financial difficulty forms three or four times. But I've not seen evidence that she did this and there's no record of VWFS receiving any details of her income and expenditure. I can see that she did ask for a payment deferral in July 2021. But VWFS didn't agree to a deferral because the account was in arrears. I don't find this was unreasonable in the circumstances – a deferral would have increased the arrears even more and potentially put Ms A in a worse financial position. And I'm satisfied that VWFS asked Miss A to contact it to work out how it could best support her – for example by giving her up to 60 days' breathing space and agreeing an affordable repayment plan. In making this offer, I think it treated her fairly.

Although Miss A did make a payment in September 2021, the account remained in arrears and I've not seen evidence that Miss A contacted VWFS to discuss the arrears or her financial circumstances. Whilst I'm mindful she was experiencing a difficult time, I don't find she made VWFS aware of this. So I don't think it was wrong for it to pursue its collections process, including sending her a default notice in August 2021 and terminating the account in October 2021 to prevent the arrears increasing any further.

I'm satisfied that, from May 2021, VWFS made reasonable attempts to contact Miss A to discuss her circumstances and the arrears on the account. And that it contacted her by post, phone, email, and text. I can't see that she engaged with VWFS until after it told her the agreement had been terminated.

Miss A couldn't take a call from VWFS because she was working. But I don't find she told VWFS this until November 2021, after the agreement had been terminated. And that she did still ask VWFS to call her on an agreed date, because she did want to speak to somebody to resolve things.

Miss A says she offered to repay the arrears. But she only offered to do this after the agreement had been terminated.

I am sorry for the position in which Miss A finds herself. But I don't find VWFS has acted unreasonably in the circumstances.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 August 2022.

Elizabeth Dawes
Ombudsman