

The complaint

Mr M has complained about the way Clydesdale Financial Services Limited trading as Barclays Partner Finance (BPF) treated him when he fell into difficulties paying a conditional sale agreement.

What happened

Mr M acquired a used car under a four-year conditional sale agreement with BPF in June 2019. The car cost around £27,000 and Mr M was required to make payments of around £500 per month with an optional final payment of around £12,500.

In April 2020 Mr M contacted BPF to enquire about a payment holiday because he was unable to make payment that month due to the impact of Covid-19 on his work. Mr M also spoke to BPF the following month looking for support, but despite initially indicating it could offer assistance it went on to say it didn't think a payment holiday or deferral would be appropriate given he'd missed the previous two payments. It looks like BPF wrote to Mr M about the arrears and passed the account to debt collectors.

Mr M wasn't happy with how he was being treated. He thought he was being given conflicting information and was unhappy the account had been passed to debt collectors. It looks like the account was called back from the debt collectors and put on hold while BPF looked into things.

At the end of October 2020 Mr M spoke to BPF to say he'd started work again and that he wanted to recommence paying towards his agreement. He'd not paid anything towards it since April. I think BPF wanted to establish what Mr M could afford to pay and it asked him to provide this information in writing. It looks like Mr M told BPF he was dyslexic so may need another option.

There was some infrequent contact between Mr M and BPF over the next few months. BPF wanted to establish Mr M's disposable income. I think it tried to take the information over the phone. It looks like it was concerned the details it took might've been incomplete. And given it had not received any payments for the last year, it decided to terminate the agreement in March 2021.

There were further discussions, and BPF sent an initial response to the complaint in June 2021. It apologised for the poor service. It agreed to pay Mr M £100, and it removed three months of payments from the arrears balance along with adverse information from Mr M's credit file between April and July 2020. It acknowledged it had been speaking to Mr M about entering into a payment plan, and it gave contact details for its collection team to discuss.

BPF sent a further response to Mr M in July 2021. It apologised for misadvising Mr M his income and expenditure details would be required to set up an arrangement, and it paid him £30. It also said it would be happy to discuss things over the phone with Mr M if he'd prefer. It gave him its contact details, and also said it would try to contact him.

Mr M decided to bring the complaint to our service to consider. One of our investigators looked into things and decided to uphold the complaint. She noted the Financial Conduct Authority's (FCA) Covid-19 guidance hadn't been issued when Mr M first spoke to BPF about his financial difficulties. But she didn't think BPF acted fairly when it declined to offer a payment deferral as the 'arrears' were as a result of the impact of Covid-19. So she thought Mr M should have been given a payment deferral as per the FCA Covid-19 guidance.

Our investigator also thought Mr M would have been eligible to have received up to six months' worth of payment deferrals. So she thought BPF should retrospectively put that in place, and remove any adverse data for those months. She also thought BPF should increase its compensation offer in relation to the Covid-19 support to £200. And that she thought it should increase the compensation in relation to completing the income and expenditure over the phone to £100.

BPF agreed with the assessment, but Mr M didn't. He said BPF unfairly terminated the agreement and were threatening to take the car. He said he did try to speak to BPF between November 2020 and March 2021. It looks like he was also unhappy with the level of compensation and adverse information recorded on his credit file as well.

As things couldn't be resolved, the complaint has been passed to me to make a 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 first want to say I'm sorry to hear Mr M has been impacted by Covid-19. It can't have been easy, and I want to thank him for taking the time to bring his complaint to our service.

I also want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr M and BPF that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Like our investigator pointed out, I'm mindful the FCA hadn't released any Covid-19 specific guidance for car finance firms to follow when Mr M contacted BPF for help in April 2020. But by the time BPF decided not to offer a payment deferral, guidance had been issued. The FCA set out that car finance firms should offer customers impacted by Covid-19 a three-month payment deferral unless (acting reasonably) it wasn't in the customer's best interests.

It looks like BPF didn't want to offer a deferral because of 'arrears' on the account. But like our investigator pointed out, I think those arrears were as a result of the impact of Covid-19 on Mr M's income. From what I can see, he was up to date on his agreement at the point he asked for help in April 2020. So I think the guidance was intended for customers like Mr M. I therefore agree it would've been fairer for BPF to have offered him a payment deferral. And I also agree with our investigator that, based on the subsequent FCA Covid-19 guidance, Mr M would have been able to request up to a six-month payment deferral. So I agree BPF should remove any adverse information from Mr M's credit file from April to September 2020. Neither party has disagreed with that.

I've also thought about the compensation our investigator recommended. BPF has agreed with her assessment. So it's agreed to pay Mr M a total of £300. £200 in recognition of the distress and inconvenience caused by the way in which it dealt with the payment

arrangement request. And £100 in relation to the way it dealt with its attempts to obtain an income and expenditure form.

Mr M got in touch with BPF because he, like many people, was facing uncertainty and his income had been impacted by Covid-19. The FCA guidance was intended to give some immediate relief for consumers. So by not doing that I think BPF didn't give Mr M the support he needed at what was already a difficult time. Mr M explained other lenders had offered him the deferrals he needed. He was out of work and was no doubt worried about what he was going to do, and the impact of negative information on his credit file.

I also agree that it took too long for BPF to establish what Mr M's disposable income was. It initially wanted Mr M to provide this in writing, but as he said this would be difficult due to his dyslexia, BPF quite rightly offered to do it over phone. While I can't see BPF is the sole cause of the delays in getting this completed, it looks like it could have done more to obtain this information sooner. I also agree it might not have even been necessary for BPF to obtain this information before setting up some sort of arrangement. BPF could have reinstated the direct debit for the normal payment and then looked to discuss with Mr M the deferred payments and any arrears. Had things gone as I think they should have done, that could have happened in October 2020. However, I do have to bear in mind that certainly up to the point of issuing its responses to the complaints in June and July 2021, BPF has shown it was willing to discuss Mr M's financial situation with him with a view to coming to a payment arrangement, which is what I'd have expected it to do.

Taking all of this into account, I think the total compensation of £300 broadly seems fair.

I've next thought about what else Mr M said in response to our investigator's assessment. He said he's unhappy BPF is indicating it wants him to return the car. And he's unhappy with adverse information on his credit file. He's also said there are calls missing from BPF's logs that should show he called BPF before it terminated his agreement.

I think what I have to bear in mind is that Mr M hasn't supplied any evidence of the detriment caused by the adverse information on his credit file that we've said should be removed. Moreover, I've not seen evidence of the calls he said he made before BPF decided to terminate the agreement. I think Mr M is implying the agreement wouldn't have been terminated had things gone as he thinks they should have done. But even if I were to accept things could've gone differently leading up to BPF's decision to terminate the agreement, I have to consider the agreement says his payments are around £500 per month. From what I've seen, he's only paid five payments of £600 since April 2020 – over two years ago – so I think it likely the agreement would have been terminated in any event. Taking all this into account, I don't find I have the grounds to direct BPF to take further action to what I've set out above.

Finally, I appreciate Mr M is unhappy BPF is indicating it may wish to recover the car. This wasn't the case when the complaint was first referred to us. But I appreciate things can move on. I think Mr M has to bear in mind the goods ultimately belong to BPF until all payments are made. So given what I've said above about the number of payments missed over the last two years I don't find I have the grounds to say BPF is acting unfairly. I arranged for our investigator to explain this to Mr M. And I wanted to find out if, for example, Mr M had been putting the money aside for his payments or if he had anything further to add. He said he hasn't been putting the money to one side because he used up funds when moving home, which he says was as a result of this situation. He said he wants us to get further evidence of calls he'd made and he thinks BPF is withholding evidence.

I've thought about Mr M's response, but for the reasons given above, given BPF own the car, and given the lack of payments, I don't find it's being unreasonable in terminating the

agreement or now seeking to recover the car. I don't think I need to get further evidence of calls made. While I'm sympathetic to the situation, I'd urge Mr M to speak to BPF to discuss a way forward. I would, however, remind BPF to treat Mr M with forbearance and due consideration if he's still in financial difficulties.

My final decision

My final decision is that, to the extent it's not done so already, Clydesdale Financial Services Limited trading as Barclays Partner Finance should:

- Remove adverse information from Mr M's credit file regarding the agreement from April to September 2020.
- Pay Mr M £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 August 2022.

Simon Wingfield
Ombudsman