

The complaint

Mr P complains that FirstRand Bank Limited trading as MotoNovo Finance unfairly applied adverse information to his credit file in regard to his hire purchase agreement.

What happened

Mr P entered into a hire purchase agreement with MotoNovo in October 2017 to acquire a car. In March 2020 he contacted MotoNovo to ask for support as his financial situation had been affected by the Covid-19 pandemic. A reduced payment plan was agreed, and Mr P paid £200 per month towards the agreement for May 2020, June 2020, July 2020 and August 2020. Mr P contacted MotoNovo about continuing reduced payments and was asked to complete an income and expenditure form. Mr P says that he didn't receive the income and expenditure form. Mr P sold the car and settled his agreement early in January 2021. He later checked his credit file and found four missed payments had been recorded. He didn't think this was fair and raised a complaint.

MotoNovo issued its final response in May 2021. It said the information had been reported correctly to the credit reference agencies.

Our investigator didn't uphold this complaint. He thought that MotoNovo had acted reasonably and in line with the guidance by offering Mr P a reduced payment plan for May to August 2020. He then didn't think it unreasonable that it asked Mr P to complete an income and expenditure form to assess what further assistance could be provided. This wasn't completed before the September 2020 payment fell due and this payment was missed. He said MotoNovo had explained it was just the September payment that was missed but as this wasn't paid until the agreement was settled in January 2021 this had been recorded for four months on Mr P's credit file.

Mr P didn't agree with our investigator's view. He explained that he settled the agreement early to prevent adverse information being recorded on his credit file as this was a particular concern to him due to his employment. He reiterated that he hadn't received an income and expenditure form. He said he hadn't cancelled his direct debit and there were funds in his account and so the payments should have been requested.

My provisional conclusions

I issued a provisional decision on this complaint I concluded in summary:

- Mr P entered a hire purchase agreement in October 2017 and maintained his payments until he experienced financial issues due to the Covid-19 pandemic.
- The guidance published by the Financial Conduct Authority (FCA) in April 2020 set out expectations in regard to the support for customer's affected by the Covid-19 pandemic. This said that payment deferrals (partial or full) could be requested for a period of three months and these should be provided unless the business believed it wasn't in the customer's best interest. The guidance released in July extended the payment deferral period to six months.

- Mr P contacted MotoNovo and a reduced payment plan was agreed for two months (May and June 2020) which was then extended for a further two months (July and August 2020). MotoNovo confirmed that the payment plan wasn't recorded on Mr P's credit file. Based on Mr P's request for help, and his circumstances, I thought the action taken by MotoNovo at that time was reasonable and in line with the guidance.
- In August 2020, Mr P contacted MotoNovo to ask that his reduced payment plan be extended by a further two months. At this time Mr P had benefitted from a partial payment deferral for four months and so a further two months would have brought him to the six months set out in the July 2020 guidance. Had this happened then Mr P wouldn't have had a missed payment recorded in September 2020.
- Mr P's partial payment deferral wasn't extended in August and he was instead asked to complete an income and expenditure form. The guidance at the time didn't require this type of assessment to take place and I didn't think it would have been unreasonable for the additional two-month extension to have been applied. However, the guidance didn't prevent further information being requested so long as this didn't delay the provision of timely support. In this case the information was requested before the next payment fell due and the intention was to identify the support best suited for Mr P. Therefore, I didn't find I could say MotoNovo was wrong to ask for this information.
- Unfortunately, Mr P didn't receive the income and expenditure form and he didn't contact MotoNovo about this before September 2020. Therefore, when the September payment fell due there was no partial payment deferral in place. As contact hadn't been received and Mr P had asked for the deferral which was within the timeframe set out in the guidance, I thought that MotoNovo could have done more at this point to make contact to see what assistance could be provided.
- Mr P has said that he had a direct debit instruction in place, and he had funds in his account. I understood the point made about not taking these funds due to the request for support Mr P had made but I have nothing to suggest further conversations were held before the next month's direct debit payment was taken and also nothing to show that Mr P has said the direct debit should be stopped.

On balance, I thought the fair outcome for this complaint was that any adverse information recorded on Mr P's credit file as a result of the missed September 2020 payment to be removed because:

- the support being requested by Mr P fell within the guidance and had his partial payment deferral been provided for a further two months the payment wouldn't have been missed in September; and
- Mr P still had a direct debit in place and so as the deferral hadn't been set up it would be reasonable for him to think his payment would be taken, as I understood happened the following month.

Neither party provided any further information in response to my provisional 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.

As neither party provided any further evidence in response to my provisional decision, my conclusions haven't changed. I think that the fair outcome for this complaint is for any adverse information recorded on Mr P's credit file as a result of the missed September 2020 payment to be removed for the reasons I set out in my provisional decision.

Putting things right

MotoNovo should remove any adverse information recorded as a result of the missed September 2020 payment from Mr P's credit file.

My final decision

My final decision is that I uphold this complaint and require FirstRand Bank Limited trading as MotoNovo Finance to take the actions set out above in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 August 2022.

Jane Archer
Ombudsman