

## The complaint

Mr B complains about the service received from Oodle Financial Services Limited trading as Oodle Car Finance (Oodle) when he was in financial difficulty.

## What happened

Mr B entered into a hire purchase agreement with Oodle to acquire a used car in October 2019.

Oodle provided a payment holiday to Mr B to cover his April, May and June 2020 payments as his finances were impacted by the coronavirus pandemic (covid-19).

Mr B asked Oodle for more support when his finances were impacted again in December 2020 as a result of covid-19, and a payment holiday was put in place for January and February 2021.

Mr B was still affected by Covid-19 following this payment holiday, and Oodle agreed to reduced payments to assist him for April, May and June 2021, with the payment that he missed in March 2021 being added to the repayment of his payment holiday amounts following the end of the reduced payment period. Oodle said they'd send Mr B a direct debit mandate to reinstate the direct debit instruction for the reduced payment period.

Mr B sent Oodle his bank details in March 2021 to set up a direct debit, but this didn't happen.

The reduced payment for April 2021 wasn't made, and Oodle sent Mr B an email and text message about the missed payment. Mr B called Oodle and explained that it'd been difficult to set up the direct debit and he wasn't refusing to make the payment. Oodle sent Mr B a document to sign electronically to allow the direct debit to be reinstated.

In May 2021 Oodle sent Mr B an email to say his payment hadn't been made, and they hadn't received the document to set up the direct debit. The document was resent to Mr B to sign at the end of May 2021.

In early June 2021 Mr B agreed with Oodle that he would send back the document for the direct debit, and he explained that he might need further assistance as his income was still affected. Mr B agreed to complete an income and expenditure assessment (I&E).

Mr B sent the I&E to Oodle in late June 2021, and Oodle asked him to complete the electronic document to reinstate the direct debit.

At the end of July 2021 Mr B told Oodle that he'd started a new job, but his health was severely affected by covid-19.

In early August 2021 Mr B told Oodle he'd taken a new job to support his health. But as his salary would be reduced, he asked if there was a way to reduce his payments. Oodle told Mr B they didn't refinance outstanding amounts on agreements, but he could look at whether

part exchanging his vehicle was an option. But this was subject to a check by Oodle's underwriters, who ultimately refused to extend any further lending to Mr B.

Mr B complained to Oodle in August 2021 about the handling of his account. He was unhappy with the decision to decline his request to part exchange the vehicle and asked for alternative arrangements to allow him to keep the vehicle.

Oodle sent Mr B their final response to his complaint in September 2021. They said they'd provided the maximum level of support available under covid-19 measures, but this wasn't designed for long term financial difficulty, and so his account had been passed to the collections team to support him. They said Mr B had failed to meet the criteria for a part exchange as it wasn't responsible to offer him further lending at the time due to his circumstances. They paid Mr B £75 compensation for distress and inconvenience caused by poor service. They said Mr B arrears were currently £1,695.28 and urged him to complete an I&E so that arrangements could be made.

Mr B completed another I&E in September 2021 and agreed to reinstate his direct debit for his usual monthly payment amount, with a review being completed in two months' time. Mr B complained to Oodle in December 2021. He said they hadn't recorded a conversation he'd had with them in October 2021 explaining that he'd been unable to return to work due to his ill health.

Oodle sent Mr B their final response to his complaint in January 2022. They said they'd been unable to find any notes of a conversation in October 2021 but had now recorded his circumstances and passed his case to a specialist team to handle. They offered Mr B £25 compensation for the poor service.

Oodle sent Mr B an email outlining his options to end the agreement, including part exchange, private sale, early settlement, and voluntary termination of the agreement. Unhappy with this, Mr B brought his complaint to this service for investigation. He said Oodle had given him incorrect information and not returned his calls on a number of occasions. He said the arrears had built up due to Oodle's errors, and so he'd like them to be waived.

Following referral of the complaint to this service, Oodle paid Mr B the £25 compensation they'd offered in January 2022 and offered an additional £125 compensation following further review. They said there had been errors on Mr B's account due to their systems, and due to mishandling of his account.

Our investigator gave her view that Oodle had supported Mr B during a period of financial difficulty in providing payment holidays and further forbearance arrangements in line with what our service would expect to see. She said there were occasions where Oodle provided poor service, but she thought the total of £225 compensation they'd paid to Mr B was fair, and she wouldn't ask them to waive the arrears as this is an outstanding balance under the agreement that Mr B agreed to pay.

Mr B didn't agree. He said this small amount didn't cover the hours he'd spent on the phone. He asked for a total of £1,500 compensation.

As an agreement can't be reached, the case has been passed to me for 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.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Mr B was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

Mr B has asked Oodle to waive the arrears on his account because they've been accrued as a result of Oodle's mistakes. The agreement between Mr B and Oodle required him to make monthly payments of £311.04 for a total of 60 months.

I'm satisfied that the agreement requires Mr B to make these payments on time each month, and Mr B's account is in arrears because he hasn't made some of these payments. I'm satisfied that Mr B is liable to make these payments, and to repay the full sum in respect of the agreement. So, I'm satisfied that Mr B owes these sums and Oodle don't need to waive the arrears on the agreement.

Mr B did experience financial difficulty during the course of the agreement, particularly in respect of covid-19, and I'm sorry to hear how unwell he's been.

The FCA released specific guidance relating to motor finance agreements and covid-19 in April 2020. That guidance said:

*"A firm should grant the customer a payment deferral for 3 months unless the firm determines (acting reasonably) that it is obviously not in the customer's interests to do so."*

The FCA released further guidance in November 2020. That guidance said:

*"Eligible customers seeking a first payment deferral, and those eligible customers who have previously accessed payment deferrals that totalled less than 6 months under this guidance, can seek a new payment deferral up to 31 March 2021."*

There were also existing forbearance rules and guidance that businesses are expected to follow. These are set out by the Financial Conduct Authority (FCA) in the Consumer Credit sourcebook (CONC), which can be found online. CONC 7.3.4 states, *"A firm must treat customers in default or in arrears difficulties with forbearance and due consideration."*

Oodle provided Mr B with an initial three-month payment holiday in 2020, then an additional two-month payment holiday and a further three months reduced payments in 2021. In addition to this, Oodle agreed to pause the collection of Mr B's arrears in late 2021, taking only his contractual monthly payment.

So, I'm satisfied that Oodle fairly treated Mr B in line with FCA requirements and guidance when he was in financial difficulty.

Oodle have accepted that they provided poor service to Mr B, and they've paid him a total of £225 compensation in recognition of this. Mr B has asked for £1,500.

I've thought carefully about the distress and inconvenience caused to Mr B as a result of Oodle's poor service. I'm considering the additional inconvenience caused to Mr B above what might usually be experienced when in a position of financial difficulty and a long-term health condition.

Oodle have admitted that there were occasions when Mr B's agreed direct debit wasn't taken correctly due to their system errors, and occasions when he was given incorrect

information by their agents. I appreciate that this was frustrating for Mr B. I can see that there were occasions when Mr B didn't contact Oodle, such as not returning the direct debit mandate for a number of months.

All things considered, I'm satisfied that, on balance, £225 fairly reflects the distress and inconvenience caused to Mr B, and Oodle should pay to Mr B the balance of this sum not already paid to him.

Mr B has said he's had more recent problems with his account with Oodle. He may wish to raise this with Oodle directly. If he remains unhappy with their response, our service may be able to consider a new complaint.

### **My final decision**

For the reasons outlined above, my final decision is that I uphold this complaint. Oodle must pay Mr B a total of £225 compensation to reflect the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 March 2023.

Zoe Merriman  
**Ombudsman**