

## **The complaint**

Miss A is unhappy with how Leaseplan UK Limited handled her account at the end of a conditional sale agreement.

She says Leaseplan recorded incorrect information on her credit file and she owes less than it says she does.

## **What happened**

In May 2017 Miss A acquired a new car funded by a conditional sale agreement with Leaseplan. Miss A paid an advance payment of £1,300.98. She was then due to pay 47 monthly repayments of £433.63 followed by a balloon payment of £16,896.50 if she wanted to keep the car.

In July 2021 the agreement came to an end and the balloon payment became due. Miss A said she couldn't arrange for the car to be collected due to health issues. Leaseplan said it would still allow Miss A to return the car and not pay the balloon payment, but it said she would need to pay for arrears and monthly rentals would be due for the time she had the car.

A collection was arranged for August 2021 but it appears this was cancelled by Miss A. In September 2021 Miss A let Leaseplan know she was still unwell. In October 2021 Miss A contacted Leaseplan and asked for it to collect the car. A collection date was then agreed for 10 November 2021.

At the end of October 2021 a default notice was issued to Miss A. This said she owed £20,904.61 and explained this would need to be paid in full by 14 November 2021.

Miss A complained to Leaseplan and made our service aware of the case. She said she didn't owe the amount in the default notice. Leaseplan got in touch with Miss A and said the full amount due was still outstanding, and would remain so until the car was handed back.

The car was not collected on 10 November 2021 as planned due to an issue with the collection agent. The collection was rearranged for 15 November 2021.

Following this, Leaseplan recorded a default on Miss A's credit file showing a balance of £20,904.61.

Miss A remained unhappy. She told our service she was told she still owed over £5,000, but thought this should be around £1,700. And she was unhappy with the default being applied and said this prevented her getting another car.

Our investigator issued an opinion. He said, in summary, that he thought Miss A did owe £5,533.50 on the account. He said Leaseplan was acting fairly when it issued the default notice. But, he said if the car was collected as agreed then the default would've shown the remaining balance after the balloon payment was settled, rather than the full balance. He said, as this was the collection agent's fault rather than Miss A's, the default should be amended to show a balance of £5,533.50.

Our investigator also recommended Miss A was paid £150 to reflect the distress and inconvenience caused.

Leaseplan got in touch and said it was happy with these findings. Miss A remained unhappy. She said, in summary, that she was told she would only owe around £1,700. She said she overpaid to the agreement in the past. And she didn't think £150 was enough to put things right.

Our investigator explained this didn't change his opinion. So, the complaint has been passed to me to decide.

### **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.

Having done so, I think this complaint should be upheld. I'll explain why.

Miss A complains about a conditional sale agreement. Entering into consumer credit contracts such as this as a lender is a regulated activity, so I'm satisfied I can consider Miss A's complaint against Leaseplan.

What I need to consider here is whether Leaseplan treated Miss A fairly and reasonably and if it applied the default correctly.

It doesn't seem to be in dispute here that Miss A was in arrears on the account at the end of the agreement. I can see Leaseplan explained to her in August 2021 that there was £3,875.40 outstanding on the agreement and that she would also be charged the monthly amounts due under the agreement until the car was returned.

I was sorry to read about Miss A's health issues. But, given she kept the car and had use of it after the end of the agreement, I think it was fair and reasonable for Leaseplan to charge her the monthly amounts due for this period.

Miss A disputes the amount she owed. She's given various figures she thinks are due, of around £1,700 and most recently £3,466.

I've been sent a breakdown of the account from Leaseplan that shows the balance stands at £5,533.50. And I can see the 'overpayment' Miss A referred to in response to the investigator's view is included on this breakdown.

I've carefully considered what Miss A said here. I think there may be some confusion as Leaseplan explained at one point it was charging around £1,700 for the additional time Miss A had the car after it was due to be returned. But, this isn't the only amount Miss A owed.

I haven't seen anything to persuade me the statement of account Leaseplan provided is inaccurate. It follows I'm satisfied Miss A has an outstanding balance of £5,533.50.

I'm satisfied that arrears on the account were outstanding when Leaseplan issued the default notice. I know that Miss A didn't think the balloon payment should've been included in the balance due under this notice. But, even though Leaseplan had agreed to waive this on return of the car, the car hadn't been returned - and so the balance was still due. So, I think it was fair to include this figure at the time.

Thinking about this, I'm satisfied Leaseplan acted reasonably when it issued a default notice and it was fair to include the total balance owed.

It also isn't in dispute here that the terms of the default notice weren't met. So, I think it was fair for Leaseplan to record a default on Miss A's credit file. But, I agree with our investigator that it seems fair and reasonable to change the amount recorded here.

I say this as Miss A had arranged for the car to be collected *before* the default had to be settled. I can see Miss A was chasing the collection agent to see when this was happening. And, I'm satisfied the car wasn't collected at this time due to an issue caused by Leaseplan's collection agents – not Miss A.

Had the collection gone ahead as planned, I'm satisfied Miss A still wouldn't have met the conditions of the default notice. So it seems reasonable a default was applied. But, the balloon payment due would've been cleared from this, as agreed with Leaseplan, and the amount owed would have changed at this point. So, thinking about what's fair and reasonable here, I think Leaseplan should change Miss A's credit file to reflect this.

I agree here that Miss A has been caused distress and inconvenience because of what's happened. I understand she's been very upset about having the full amount of the default recorded on her credit file at a time she was unwell. But, I haven't seen enough to make me think it's most likely she's been declined lending, specifically because of the amount of the default recorded, as she said.

Considering everything here, I agree with our investigator that £150 seems reasonable to reflect what happened.

Finally, given what Miss A has told us about her situation and the fact she owes a balance to Leaseplan, it might be prudent of her to contact Leaseplan directly to discuss this. I'd like to remind Leaseplan to treat her situation with forbearance and due consideration.

### **My final decision**

My final decision is that I uphold this complaint. I instruct LeasePlan UK Limited to put things right by doing the following:

- Amend Miss A's credit file so the amount recorded on the default does not include the balloon payment and accurately reflects any other outstanding balance at the time
- Pay Miss A £150 to reflect the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 12 October 2022.

John Bower  
**Ombudsman**