

## **The complaint**

Mr A is unhappy with how Oodle Financial Services Limited (Oodle) dealt with his request for help when his income reduced due to the Coronavirus (Covid-19) pandemic.

## **What happened**

In December 2017, Mr A was supplied with a used car through a hire purchase agreement with Oodle. The agreement was for £17,388 over 60 months; with one payment of £323, followed by 58 monthly repayments of £273, and a final payment of £323.

In April 2020 Mr A contacted Oodle to ask about a payment holiday as his income had reduced due to the Covid-19 pandemic. He said they agreed to give him a three month payment holiday, but was unhappy that they'd asked him to provide other documents which he said were unnecessary.

He said the payment holiday ended in July 2020. He said he delayed the payments in August 2020 and October 2020 because the day he received his pay was after the payment due date for this agreement.

He said he asked for a settlement figure at this time, but didn't proceed with this as it was more than he could afford.

He said the second and third lockdowns in 2020 caused him further financial difficulty. He said he made a payment on 1 December 2020, and then contacted Oodle later in the month to ask for another two month payment holiday. He said he completed an online form and was then contacted by a third party. He said he didn't provide the third party company with his financial information as he didn't know who they were. He said he discovered they were a bankruptcy and IVA provider, and this wasn't what he wanted or expected.

He said Oodle started calling him eight times a day. He said he couldn't answer as he was working as a lorry driver.

He said he then received a default notice. He said this was a surprise as they hadn't offered him any assistance. He said Oodle told him he couldn't get another two month holiday as he'd already had a three month holiday. He said he hadn't been able to provide them with bank statements because they wouldn't attach to his emails.

He said he made a payment on 1 March 2021. He said Oodle then visited him at his house on the evening of 5 March 2021. They said they hadn't been able to contact him, which he said wasn't true. Mr A said all of this contact made him feel they were harassing him.

Oodle said they gave Mr A a three month payment holiday from April 2020 to July 2020. They said they made several attempts to contact Mr A at the end of the period. They said he contacted them in August 2020 to ask for a settlement figure.

They said they contacted Mr A in October 2020 about his arrears. They agreed to change his payment date when he explained his pay date fell after the payment due date.

They said they wrote to Mr A after he missed the payments due in January 2021 and February 2021. They said they'd contacted him in line with their obligations when customers are in arrears, including sending a default notice. They explained that they'd asked for bank statements so that they could fully consider his financial situation after he'd told them he was in financial difficulty.

Mr A was unhappy, so he brought his complaint to the Financial Ombudsman Service for investigation. He also complained that they'd visited him at his house.

Our investigator thought Oodle had acted fairly. He accepted that Oodle were entitled to make enquiries into Mr A's circumstances. He felt their requests were reasonable. He said it was reasonable for them to send Mr A a notice of sums in arrears, because he'd missed two consecutive payments, and the account was already in arrears. He also accepted that it was reasonable to visit Mr A at his house as he had missed payments and hadn't been in touch with them.

Mr A disagreed and asked for an ombudsman's decision. I sent Mr A and Oodle Financial Services Limited a provisional decision on 24 June 2022. In this decision I explained why I thought the complaint should be upheld. Here's what I said:

*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 (if appropriate) what I consider was good industry practice at the time. Mr A 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.*

#### *Payment deferral requests*

*The industry regulator, the Financial Conduct Authority (FCA) issued temporary guidance, that came into effect on 27 April 2020, for customers who were faced with payment difficulties as a result of Covid-19. The purpose of the guidance was to provide "exceptional and immediate support to customers facing payment difficulties due to circumstances arising out of coronavirus".*

*It appears that Mr A contacted Oodle about the impact the Covid 19 pandemic had on his financial situation before the FCA issued its guidance for firms. He complained at the time that he didn't need to provide his bank statements to obtain a payment deferral. I can see that he was granted the deferral, without the need to provide the statements. I'm satisfied that Oodle changed their approach after the FCA guidance was issued, so they haven't done anything wrong.*

*The FCA issued updated guidance in November 2020. This stated that further payment deferrals should be considered up to the end of March 2021, and they should not extend beyond the end of July 2021.*

*Mr A told Oodle in December 2020 that he was having financial difficulties caused by the Covid 19 pandemic. He repeated this on 10 March 2021 when he explained he was "partially furloughed". Oodle responded to his December 2020 by asking Mr A to provide financial information to a third party provider. For ease of reference I'll refer to this party as "T". They said that T specialised in helping people get the support they needed when they were in financial difficulty.*

*Mr T didn't want to use the services of T. Oodle eventually accepted this but required Mr A to provide information about his current financial situation, including his bank statements. After some correspondence back and forward, Oodle provided Mr A with the address to submit bank statements on 17 February 2021.*

*And on 18 February 2021 they contacted Mr A about his arrears, giving him 48 hours to take action. He contacted them on 22 February 2021 and told them again his income had been affected by the Covid 19 pandemic.*

*By this point I would've expected Oodle to have offered Mr A another payment holiday. I say this because the guidance issued by the FCA in November 2020 was clear that businesses like Oodle should provide further support to those customers still in financial difficulty, and who have not received six months payment deferral.*

*The guidance said that firms should ask customers like Mr A, if they'd like a payment deferral if the customer suggested they were experiencing temporary payment difficulties. This is exactly what happened Mr A did, but Oodle didn't make that offer.*

*Instead they sought more information, and I don't think that was necessary. Mr A had contacted them in December 2020 and should've been offered a deferral at that point. The intention of the FCA guidance was to provide prompt assistance to customers in short term difficulty. Without the need for detailed additional checks before agreeing a payment deferral. And if they did require further information that should not delay the provision of additional support.*

*So I don't think it was fair or reasonable for Oodle to insist on Mr A providing further information. They had sufficient information about Mr A, including that he hadn't missed payments up to that point.*

*So I think they could've offered a payment deferral for January 2021 and February 2021. If this had happened it would have given Mr A the time he required to sort out his finances, including considering how he could pay the arrears accrued during the two payment deferral periods.*

### *Arrears*

*Mr A has accrued arrears from the first payment deferral period, and from the missed payments. These arrears are due. The guidance from the FCA states that:*

*"where a customer can resume full repayments after a payment deferral, but is unable to pay the deferred amounts immediately and in full, the firm should allow them to repay the deferred amounts over the remaining term of the agreement or allow a longer period for repayment."*

*It also states that when doing this the firm should consider what is most in the customers interests.*

*The guidance also allows firms to use information in order to understand the customer's financial situation following the payment deferral period. It allows firms like Oodle to use information it already holds, or information provide by other sources. So I think it's reasonable for it to use the services of "T", or to ask Mr A to confirm his current financial situation, by for example, providing bank statements.*

*This will mean they can calculate the most suitable option for him to pay the arrears. I think that's fair and reasonable. To do otherwise risks putting Mr A in a worse financial position – and that's the outcome the guidance seeks to avoid.*

*Mr A has asked for a two month extension to his agreement. This is an option available to Oodle – but only if they find that this is in the best interests of Mr A. And to do that they need to consider his financial situation, as I've set out above.*

#### **Correspondence and contacts**

*Mr A said he felt that Oodle's contact constituted harassment. I disagree.*

*I see from their records that they texted and called him every day for two weeks at the beginning of January 2021. This was to advise him he was in arrears and to encourage him to contact them to agree a payment plan.*

*He said they called him eight or nine times a day. I've seen that they called him regularly between 5 January 2021 and 19 January 2021 – but on no more than three occasions on any one day, and just one call on most days. I've also seen that the calls stopped soon after he emailed them on 18 January 2021.*

*So I don't consider these contacts to be excessive. And I'm satisfied that they stopped when Mr A responded to them.*

*I've also considered the Notice of Sums in Arrears they issued. This was not a default notice, but a formal notice informing him of the status of his account and advising of what might happen if no payments were made. I think it was fair and reasonable for Oodle to issue this notice to Mr A.*

*Mr A complains that he received a visit to his house from Oodle. I accept the explanation from Oodle that they'd arranged this before the payment was made on 1 March 2021. So whilst this was unfortunate I don't think it was deliberate act to cause distress to Mr A or his family.*

*However, all of this could've been avoided if Oodle had dealt with Mr A's request for assistance in December 2020 as they should have.*

#### **Putting things right**

*Oodle pursued Mr A for payment of arrears, when it should've treated his request for financial assistance in line with the guidance issued by the industry regulator. If they had done so Mr A wouldn't have been treated as if he was in arrears, and wouldn't have received the calls and text messages from Oodle as I've described above.*

*This has caused Mr A some distress and inconvenience. He asked for a payment deferral, but was pursued for arrears when he should've been offered assistance. He's described how upsetting he found this experience. I understand this, especially at a time when he was facing reduced income due to the Covid 19 pandemic. So I think an award of £150 is appropriate compensation to Mr A.*

*To put things right, Oodle should put Mr A back in the position he would've been in had they treated him fairly and in line with the FCA guidance.*

*To put things right Oodle must:*

- *Remove any adverse credit relating to the agreement from Mr A's credit file*
- *Pay Mr A £150 to compensate him for the distress and inconvenience they caused him*
- *Calculate an affordable plan as explained in the FCA guidance, including providing forbearance as set out in the FCA's tailored support guidance. (Mr A should note that this may require him to provide further information about his current financial situation).*

Both parties responded to my provisional decision. Mr A accepted it. Oodle also accepted it, but sought clarification about the arrears on Mr A's account.

They said Mr A was currently in arrears of £1,068. They said in my provisional decision I'd said that they should remove any adverse credit relating to his credit file. They asked if this meant they had to "*wipe the arrears off*".

They said the FCA guidelines during COVID were that arrears were to be added to the end of an agreement or for monthly payments to be increased. They asked me to clarify what I expected them to do.

### **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 thought about everything carefully again, I still think this complaint should be upheld. This is for the same reasons I explained in my provisional decision and which I've set out above.

I'm happy to provide the clarification Oodle asked for, as this doesn't change what I expect them to do to put things right.

I said that Oodle must remove any adverse credit marking relating to the agreement from Mr A's credit file. The guidance issued in November 2020 by the FCA says that firms should not report a worsening status in relation to payment deferrals granted under the guidance. So I'd expect Oodle not to show missed payments for the period in which they should have provided a payment deferral.

I said in my provisional decision that the purpose of the FCA guidance was to provide immediate support to customers. And that it said that:

*"where a customer can resume full repayments after a payment deferral, but is unable to pay the deferred amounts immediately and in full, the firm should allow them to repay the deferred amounts of the agreement or allow a longer period for repayment."*

So it's clear that the arrears are still payable. And Oodle and Mr A need to work together to agree an affordable payment plan in line with the guidance.

## **Putting things right**

To put things right Oodle must:

- Remove any adverse credit markers relating to the payment deferral periods they granted, or should have granted to him, from Mr A's credit file
- Pay Mr A £150 to compensate him for the distress and inconvenience they caused him
- Calculate an affordable plan as explained in the FCA guidance, including providing forbearance as set out in the FCA's tailored support guidance. (Mr A should note that this may require him to provide further information about his current financial situation).

## **My final decision**

For the reasons explained, I uphold Mr A's complaint. Oodle Motor Finance Limited must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 October 2022.

Gordon Ramsay  
**Ombudsman**