

## **The complaint**

Mr M has complained about the support he received from Oodle Financial Services Limited (Oodle) when he was in financial hardship.

When I refer to what Mr M has said, and Oodle have said, it should also be taken to include things said on their behalf.

## **What happened**

In February 2019, Mr M entered into a hire purchase agreement with Oodle to acquire a used car first registered in 2011. The first instalment was around £299 (including a document fee of £50), followed by 46 monthly payments; each around £249. There was also a final instalment of around £299 (including the option to purchase fee of £50).

On 23 March 2020, the UK Government announced that UK would enter a lockdown due to the Covid-19 pandemic. Mr M, due to the pandemic, contacted Oodle in April 2020 and requested financial assistance as his income and finances were affected. Oodle initially gave Mr M a three-month payment deferral. When this period ended Mr M asked for further help. Oodle agreed for him to make payments of £125 from August to October 2020.

After this period Mr M's finances were still affected, so Oodle offered that he could make reduced payments of £180 a month. But Mr M made no payments from November 2020 to November 2021. And during this period, in July 2021, Oodle issued a default notice to Mr M, at which time Mr M was around £2,415 in arrears on his credit agreement. In November 2021, his credit agreement was terminated.

Mr M didn't think that he got enough support from Oodle and their agents, when he was in financial difficulties, so he complained to Oodle.

In January 2022, Oodle responded to Mr M's complaint. In this correspondence they said that Mr M told them in April 2020 that he had been impacted by Covid-19, so they reviewed his account and gave him a three-month payment holiday. They said that when this payment holiday was about to expire, Mr M requested a further two months, and they agreed a reduced payment arrangement for August, September, and October 2020 (£125 a month). They said that in October 2020 Mr M requested a further three-month payment reduction, so towards the end of December 2020, after verifying some information, they sent an email advising him that they could assist with a further payment reduction for three months, but he would need to make monthly minimum payments of £180. They said that this arrangement was put in place, but they had difficulties contacting Mr M. They said that as Mr M didn't make the required payments to them, they passed the account to their solicitors and a default letter was sent to him in July 2021. This was followed by a Notice of Sums in Arrears in October 2021. They said they also sent Mr M a pre termination letter advising him to contact them as soon as possible, but, as there was no response from him, the agreement was terminated. In view of the above, they explained in this correspondence that they haven't acted inappropriately, so they are unable to uphold his complaint.

Mr M was unhappy with Oodle's response, so he brought his complaint to this service.

Our investigator thought that Oodle could've done more to assist Mr M and could've offered him further payment deferrals, and the investigator thought that Oodle should pay Mr M £150 for distress and inconvenience caused.

Oodle said they accept the investigator's adjudication.

Mr M disagreed with the investigator, as he thought Oodle should pay him a higher amount of compensation for the distress and inconvenience caused.

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.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, the law, and, where appropriate, what would be considered to have been good industry practice at the relevant time.

Mr M acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements.

In summary, Mr M's main complaint point is that he was not treated fairly by Oodle when he found himself in financial hardship due to the Covid-19 pandemic. He feels that they should pay him a higher amount of compensation than the £150 suggested by our investigator.

So, I've taken the above into consideration and I've considered whether Oodle have done enough to support Mr M, when he told them that he was experiencing financial hardship. When doing so, I've also thought about the relevant rules and guidance at the time. The rules and guidance mentioned below refer to 'customers' and 'consumers', and I will be using these words interchangeably, but in this decision the words are to have the same meaning.

On 24 April 2020 the Financial Conduct Authority (FCA) published additional guidance which came into effect on 27 April 2020 – "Motor finance agreements and coronavirus: temporary guidance for firms". This guidance introduced temporary measures for consumers whose finances had been impacted by Covid-19, and it builds on Principle 6: "A firm must pay due regard to the interests of its customers and treat them fairly". In relation to the payment deferrals, the guidance states the following: "Where a customer is already experiencing or reasonably expects to experience temporary payment difficulties as a result of circumstances relating to coronavirus, and wishes to receive a payment deferral, a firm should grant the customer a payment deferral for three months unless the firm determines (acting reasonably) that it's obviously not in the customer's interests to do so".

This guidance was further updated by the FCA in July 2020, and later in September 2020. Both updates build on the previous guidance that was issued and stipulate that payment deferrals can be granted for a total period of six months. It is also important to note that within the mentioned guidance it states that: "There is no expectation under this guidance that the firm makes enquiries with each customer to determine the circumstances surrounding a request for a payment deferral, or whether this is not in the customer's interests. Firms can, however, choose to make the enquiries they consider necessary in order to satisfy themselves that the customer is eligible for support and to identify whether

the customer would benefit from any additional support, provided that this does not delay the provision of timely support”.

I've considered that in April 2020, when Mr M started to be in financial difficulty and informed Oodle of this, some of the above mentioned FCA guidance on Covid-19 had not yet been published or in force. But I've considered that before, and after, the additional Covid-19 guidance was in force, there was other guidance such as the FCA – Consumer Credit Sourcebook (CONC), and in particular CONC 7, titled “Arrears, default and recovery (including repossession)”, which say that firms should treat consumers in default or in arrears difficulties with forbearance and due consideration.

Treating consumers with forbearance would include such things as considering suspending, reducing, waiving, or cancelling any further interest or charges, allowing deferment of payment of arrears, and accepting token payments for a reasonable period of time. And from what I've seen, it looks like Oodle was trying to help Mr M, by treating him with forbearance and due consideration. I say this because when Mr M had difficulties making payments towards the finance agreement, they gave him an initial three-month payment deferral for May, June, and July 2020. I think this was a reasonable decision and in line with the guidance provided by the FCA. But I've gone on to consider whether they should've done more when he asked for further help after those initial three-months.

I can see from the contact notes, provided by Oodle, that after the initial three-month payment deferral ended, Mr M asked them for further help. Oodle considered this and asked him to make payments of £125 from August to October 2020, but I think the FCA Covid-19 guidance, mentioned above, was intended for customers in situations like the one Mr M found himself in, and it was in force at the time. So, I think Oodle should've given Mr M the benefit of another three-month payment deferral as per the FCA Covid-19 guidance. Together, I think the payment deferrals should've been applied for a total of six months from May 2020 to October 2020. And I think it is only fair and reasonable that they compensate Mr M £150 for the stress and inconvenience that was caused. I say this because during this time Mr M had additional financial pressure which he wouldn't have had, had the payment deferral been extended to that time period. I know Mr M thinks that £150 is not enough, but I've considered the impact the situation had on him and I think this amount fairly reflects this. Also, I think there should be no adverse information recorded on Mr M's credit file for those six months, from May 2020 to October 2020. If there is, Oodle should have this adverse information removed from Mr M's credit file.

I've also thought about what should've happened after October 2020, as Mr M was still experiencing financial difficulties at the time, and, I think most likely, he would've needed further help.

The FCA expected firms to offer tailored support to customers who were still facing financial difficulties after taking out the maximum six-month payment deferrals. The Tailored Support Guidance, issued by the FCA in January 2021, which originally came into force in October 2020 and was updated in November 2020, indicated that the FCA expected firms to be flexible and employ a range of short-term and long-term forbearance options. I can see that in January 2021, Oodle agreed to reinstate the repayment arrangement of £180 a month, but Mr M didn't make any payments towards his credit agreement from November 2020 to November 2021. So, I think Oodle did try to work with and provide tailored support to Mr M, but he didn't make any payments towards the credit agreement. It is also not unreasonable for Oodle to report any missed payments to credit reference agencies, from November 2020 onwards, as this is in line with the Tailored Support Guidance.

I've also considered whether it was right for Oodle to terminate Mr M's credit agreement. I can see that Mr M's financial difficulties lasted longer than six months and that he hasn't

made any payments towards the finance agreement from November 2020 to November 2021, so a large number of arrears had accrued. And, like I mentioned above, Mr M didn't utilise the payment arrangement offered to him in January 2021. I think Oodle were patient with Mr M while they waited to see if his circumstances would change. Also, I don't think it would've been reasonable for Oodle to allow the arrears to increase indefinitely, so I think their decision to terminate the contract was a reasonable one. Considering the agreement was unaffordable with significant amount of arrears, I don't think it would've been responsible for Oodle to allow Mr M to continue with the finance agreement and get into further arrears.

Oodle sent Mr M a default notice in July 2021. They also sent arrears letters to him in November 2021, which set out the arrears on the account and explained what would happen if he didn't take action regarding the state of the account. So, I think the correspondence Mr M had from Oodle, gave him enough information for him to understand that Oodle could terminate his finance agreement and repossess the car, if he made no contact or payments towards the credit agreement. As neither was forthcoming, I don't think it was unreasonable for Oodle to terminate the agreement when they did; in November 2021. They also acted in line with the terms and conditions of his hire purchase agreement.

### **My final decision**

For the reasons given, I require Oodle Financial Services Limited to:

- Pay Mr M £150 compensation for distress and inconvenience caused;
- Treat the missed payments from May 2020 to October 2020 as a six-month payment deferral, and remove the adverse information from Mr M's credit file for those months.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 November 2022.

Mike Kozbial  
**Ombudsman**