

The complaint

Mr H complains that Oodle Financial Services Limited ("Oodle") misled him to believe that he wouldn't be required to repay his outstanding borrowing with it.

My references to Oodle include any agents it appointed to act on its behalf.

What happened

Mr H financed the acquisition of a car using a hire purchase agreement provided by Oodle in October 2018. Mr H was required to repay the lending over 60 months. The total amount payable under the agreement was £14,185.20.

In September 2020 Mr H told Oodle the car had been written off following an accident. Oodle told Mr H any payments from his insurer would need to be made to it directly. It followed up in an email to say that Mr H's GAP insurance should cover any shortfall between the insurer's pay-out and the outstanding borrowing under the agreement.

In October 2020 Oodle told Mr H that his insurer had paid it £3,825, which had partially settled the agreement. It said that to repay the remainder of the agreement, Mr H could either make 30 monthly payments of £225.41 as well as a final payment of £175.89, or pay £4,960 to settle the account.

Mr H raised a complaint with Oodle in November 2020. He said he'd been given the impression his agreement would be settled by way of insurance pay-outs.

Oodle accepted that it had told Mr H that his agreement would be settled once it received payment from his insurer. It said this was incorrect and apologised for having said it. It also told Mr H that because it hadn't received payment sufficient to clear the outstanding lending, he'd still need to pay that sum.

Mr H referred the matter to this service. In doing so he asked to be compensated for the impact of the misinformation he'd been given.

During our investigation, Oodle subsequently offered to pay Mr H £200 compensation for distress and inconvenience it had caused. Mr H also told us he had GAP insurance but the insurer wouldn't consider a claim due to an issue with payments having been missed.

Our investigator didn't think that Mr H had been explicitly misled, but they accepted there had been a miscommunication. They said that Oodle could've been clearer that any claim Mr H made under a GAP insurance policy he might have had wouldn't necessarily have been guaranteed. They also accepted that the miscommunication had caused Mr H to worry, but ultimately concluded that the £200 compensation offered by Oodle was fair in the circumstances.

Mr H didn't agree. He said that he'd been caused a significant amount of stress and worry which had affected his health. He didn't think that £200 compensation fairly reflected that.

The case has been passed to me to decide what should happen.

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.

Mr H's agreement with Oodle is a hire purchase agreement. That's a regulated agreement and one which this service has the power to look into a complaint about.

Mr H might find that I've summarised his submissions in less detail than he presented them. That's simply because I don't consider it necessary to go into that level of detail in setting out what I consider to be a fair and reasonable outcome. I can assure him, however, that I've carefully considered all of the evidence he's provided as well as everything he's told us.

From what it's said, I think Oodle accepts it incorrectly gave Mr H the impression that his borrowing with it would likely be repaid by way of some kind of insurance pay-out. We now know that's not the case. That's because, in summary, the pay-out made by Mr H's insurer was not sufficient to clear the lending that Mr H agreed to repay. And, there was no pay-out in respect of a GAP insurance policy.

I accept that it must have been very frustrating for Mr H to find that the information he'd been given was misleading. Although, it seems to me that both parties were under the impression that Mr H had a GAP insurance policy which would cover the shortfall. Like our investigator, I wouldn't necessarily have expected Oodle to have a detailed understanding of insurance policies Mr H may have held, so I don't think it gave him any guarantees.

Mr H has told this service that he did have a GAP insurance policy, but it wouldn't accept a claim due to issues around premiums not having been paid. That's unfortunate for Mr H, and he might be able to raise a complaint with the insurer about that decision, should he wish. However, that doesn't mean that he shouldn't be required to repay the outstanding balance of his agreement with Oodle.

I agree that Oodle ought to compensate Mr H for the disappointment and worry that he was caused as a result of what he was told. Having carefully considered matters, including the extent to which Mr H was affected by the misinformation he was given, I'm satisfied that the £200 Oodle offered is reasonable in the circumstances.

I'm aware that Mr H entered into an Individual Voluntary Arrangement (IVA) in May 2022, and that his insolvency practitioner has declared an interest in any awards made as a result of this complaint. I remind Mr H of his responsibilities under his IVA if he chooses to accept my decision.

Finally, I acknowledge that Mr H has faced challenging circumstances following the events which led to this complaint. I'm sorry to hear that's been the case. I remind Oodle of its responsibility to treat Mr H with forbearance and due consideration.

My final decision

My final decision is that Oodle Financial Services Limited has already done enough to put things right by offering to pay Mr H £200 compensation. It should now pay this sum to the extent that it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 October 2022.

Stephen Trapp
Ombudsman