

## **The complaint**

Mrs R is unhappy with how FCE Bank Plc trading as Ford Credit ('FCE') treated her when she asked for support due to the impacts of COVID-19. And she says FCE also recorded incorrect information on her credit file.

## **What happened**

In December 2019 Mrs R entered into a hire purchase agreement with FCE to acquire a car. She was due to pay 38 monthly repayments of £323.45 and a final repayment of £7,852 if she wanted to keep the car.

Unfortunately Mrs R got into financial difficulty due to the impacts of COVID-19. She says around March 2020 she spoke to FCE after a long wait, and it agreed to a payment deferral for March, April and May 2020. She then says she received arrears letters from FCE in April 2020.

Mrs R says she then contacted FCE again in May 2020 to discuss the situation. She said it was agreed for another payment deferral to be put in place for June, July and August 2020. But, in September 2020 she says FCE notified her she was in arrears.

Mrs R says she contacted FCE in September 2020 and it told her she needed to make a payment of £751.51 to bring her account up to date. It then calculated Mrs R's ongoing payments as £375.61 from October 2020.

In March 2022, Mrs R says she decided to change the car for another make and model. She says she went to a dealer, but was declined finance. Mrs R says she found out FCE had recorded missed payments on her credit file from March 2020 to March 2022. It appears FCE agreed to amend Mrs R's credit file.

Mrs R says she then acquired a new car and settled the finance with FCE. But, she says she then received a letter saying she was in arrears, which FCE accepted was their error.

Mrs R complained to FCE. It issued its final response in May 2022. In summary, it said a payment deferral was agreed for two months and then a further two months, for March to June 2020. So, it said the payment in September was due for August and September 2020. It said it accepted it should've called Mrs R to take a payment. It also confirmed the late payment marker had been removed from her file. It offered Mrs R £250.

Mrs R was unhappy with this and referred the complaint to our service. She said, in summary, that a six month payment deferral had been arranged. She said it had caused her financial difficulty when she had to make up the two month's payments as she'd gone overdrawn. She said the contact from FCE about the account had caused distress at a time she was supporting an ill family member. She said she'd had to wait two hours on hold to talk to FCE. She said being declined car finance elsewhere had caused her embarrassment. And she said the situation had caused her emotional and physical stress. And she told us another late payment marker had been added to her credit file in April 2022.

Our investigator issued an opinion. He said, in summary, that he thought it was likely a four month payment deferral had been agreed with Mrs R. But, he said when FCE spoke to her in September 2020 about the arrears it should've been more understanding of the situation. He said FCE should've considered backdating the payment deferral to cover the two months' repayments, rather than making Mrs R pay double. He said this was in line with guidance issued by the Financial Conduct Authority ('FCA') in relation to consumers in financial difficulty due to COVID-19.

Our investigator also said Mrs R had shown the payment of £751.51 had taken her further into her overdraft. But, he said from reviewing her statements this didn't appear to have caused other payments to be rejected.

Our investigator said the FCA guidance stated that payment deferrals shouldn't have a negative impact on consumer's credit records, so FCE shouldn't have added the negative information. And he said he thought this led to the situation where Mrs R was declined car finance elsewhere. He also said he thought the later letter saying that Mrs R's account was in arrears was due to a cross over between payments being made and the finance being settled by the dealer.

Finally, he also said the late payment marker from April 2022 was recorded in error, although FCE had now amended this.

Our investigator said he didn't think £250 was enough to reflect what happened and asked FCE to increase this to £350.

FCE got in touch and said it accepted the outcome.

Mrs R was unhappy with this opinion. She said she received letters chasing arrears periodically for two years. She said the incorrect information was still on her credit file. And she said she thought £350 was not enough to reflect what had happened given she had to pay out for two months' repayments from her overdraft.

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

I asked Mrs R to confirm the current situation with her credit file. She says this has now been put in order.

I then sent Mrs R and FCE a provisional decision on 14 November 2022. My findings from this decision were as follows:

*Mrs R complains about the administration of a hire purchase agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity, so I'm satisfied I can consider Mrs R's complaint against FCE.*

*Given FCE has accepted the investigator's view, it doesn't seem that what went wrong here is in dispute. So, I'm not going to go into too much detail here. But, I'll summarise my thoughts on the key facts for completeness.*

*I agree with our investigator that when FCE spoke to Mrs R in September 2020 it could've done more to support her. Whatever the reason for the confusion about when the payment deferrals had been applied, pragmatically, it seems to me it would've been reasonable to backdate the payment deferral for the period Mrs R thought was already covered.*

*This would've meant she didn't have to pay two months' worth of repayments for which she*

*had to use her overdraft. Mrs R has explained this made what was already a difficult financial situation due to COVID-19 worse.*

*I also agree having the incorrect information recorded on Mrs R's credit file would've been upsetting for her and seems to have caused her embarrassment and distress when trying to get finance elsewhere. Mrs R has described leaving the dealer in tears because of what happened. While she was able to change the car it appears this issue delayed her plans which must have been frustrating and upsetting. She's had to take time out to go through her credit record and get this updated. And I think it must have been upsetting to see her score drop as she's explained.*

*I've also considered that Mrs R has told us she was supporting a very ill family member throughout this period and this situation was causing additional stress at what must have been an already very difficult time. I've thought about the fact this situation carried on for a significant period, especially as the latest error was made in April 2022. And Mrs R has also described in some detail the effect this had on her personal health.*

*Thinking about all of the above, I'm satisfied Mrs R suffered from distress and inconvenience because of what went wrong. I think this would've caused her stress at a time she was already suffering from financial difficulty and dealing with a very upsetting situation for her family. So, I think this means the situation had more of a negative effect on Mrs R than it might another consumer. And this situation was ongoing for a long time.*

*Thinking about all of this, I'm satisfied the £250 offered by FCE isn't enough to reflect what happened. I think it should increase this to £500.*

*I've considered that Mrs R says on multiple occasions she was waiting around two hours to get through to FCE at an already stressful time. Under normal circumstances I would consider this poor service. But, I need to consider that COVID-19 had a large impact on businesses and organisations such as FCE and affected their ability to provide their normal standards of service. So, thinking about things in the round, I don't think FCE needs to take action on this particular point.*

I gave both parties two weeks to come back with any further comments or evidence.

Mrs R and FCE got in touch and both said they accepted the provisional decision with nothing further to add.

### **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.

I've thought about all of the information on the complaint again. Having done so, I still think this complaint should be upheld. This is for the same reasons I explained in my provisional decision and set out above.

### **My final decision**

My final decision is that I uphold this complaint. I instruct FCE Bank Plc trading as Ford Credit to pay Mrs R £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 27 December 2022.

John Bower  
**Ombudsman**