

## **The complaint**

Mr A complains that Volkswagen Financial Services (UK) Limited trading as Seat Financial Services (“SFS”) made errors with the administration of his hire agreement.

## **What happened**

Mr A hired a car from SFS under a hire agreement. He made monthly rental payments to SFS.

In November 2021 Mr A said he called SFS and instructed it to change his direct debit payment so that the monthly rentals were collected from his partner’s bank account instead of his account. Mr A said he also asked SFS to change his address details as he’d moved. Mr A said SFS confirmed to him it had done this.

The rental payment due to be taken in November 2021 was not collected – unbeknown to Mr A at the time.

SFS said it tried to contact Mr A several times by post, text message and phone calls between December 2021 and May 2022 to make him aware of the missed payment in November. SFS’s notes show that Mr A called it in February 2022, but he failed security as he gave the wrong address and postcode. Mr A eventually spoke to SFS in May 2022. He said this was the first time he found out about the missed payment.

Mr A tried to pay the missed payment in July 2022 but SFS told him he was still in arrears even after he’d paid it. Mr A complained to SFS and asked it to get the missed payment removed from his credit file. He said this was affecting the interest rate he was being quoted on new mortgage deals.

In response to Mr A’s complaint SFS said that it should have told him that he’d need to make a manual payment for November 2021 when he called to change the direct debit. It said it also mistakenly allocated the payment he made to cover the missed payment from November 2021 to his July 2021 rental.

SFS said it would waive the arrears as a gesture of goodwill and instruct the credit reference agencies to remove the missed payment for November 2021. It said it would not instruct the credit reference agencies to remove any adverse information relating to the missed payment for the months between December 2021 and July 2022 as it had frequently tried to contact Mr A about it during that time.

Unhappy with SFS’s response, Mr A referred his complaint to this service.

Our investigator thought Mr A’s complaint should be upheld in part. He said it appeared to be SFS’s error that the November 2021 payment was missed as it didn’t tell Mr A he might need to make a manual payment for that month. And he said it also appeared to be SFS’s error that it didn’t change Mr A’s address in November 2021 – when he most likely asked it to.

He thought that failing to change Mr A's address had likely contributed to the time it had taken Mr A to realise what had gone wrong. He said this was because Mr A wasn't receiving SFS' arrears letters and had, conceivably, thought the text messages he was getting were phishing communications. He thought SFS should instruct the credit reference agencies to remove any information about the missed payment from Mr A's credit file between December 2021 and May 2021.

The investigator didn't think SFS should do the same in respect of any adverse reporting after May 2021 as he thought Mr A had been aware of the problem after that but hadn't cleared the arrears until July 2022. He said he hadn't seen enough information to show Mr A had suffered a loss in respect of a new mortgage specifically as a result of the arrears on his credit file.

SFS accepted the investigator's view.

Mr A disagreed with the investigator and asked an ombudsman to review his complaint. He said if everything had gone how it was supposed to, he wouldn't have had any arrears on his credit file. So, at the very least, he thought all of the information about the missed payment should be removed from his credit file.

### **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.

SFS accepted the investigator's view that it should instruct the credit reference agencies to remove the record of the missed payment between December 2021 and May 2022. I agree that it appears SFS failed to inform Mr A of the possibility he'd need to make a manual payment in November 2021 and that it most likely failed to update Mr A's address. These appear to have been the main reasons why Mr A missed the payment in November 2021 without realising. So, as a start, I agree that what the investigator proposed is the fair thing to do here.

What Mr A and the investigator couldn't reach agreement on is whether SFS should also do this in respect of the same arrears reported after May 2022.

In deciding what's fair I weigh up two things. On the one hand, as Mr A has quite rightly pointed out, it's unlikely he'd have any arrears showing on his credit file had SFS done what it was supposed to. On the other hand, after Mr A became aware of the arrears, it took him nearly two months to make a payment to clear them. And Mr A hasn't given an explanation as to why it took him this long.

Overall, while Mr A could have mitigated his position by clearing the arrears as soon as he found out about them, it doesn't feel fair to me that as a result of what ultimately was SFS' errors to begin with Mr A is left in a position where his ability to obtain credit (or the cost of credit to him) could be adversely affected for several years. The November 2021 payment was the only one he missed after all.

So, I think it would be fair and reasonable for SFS to instruct the credit reference agencies to remove all record of the missed payment in November 2021 (including any associated record of arrears) from Mr A's credit file.

I don't find SFS needs to do any more than this. I find the arrears it wrote off were fair compensation for its errors. And, while I've concluded that credit might have been more expensive for Mr A in the future, I've not seen enough evidence in this case that Mr A is

paying more on his mortgage, or in respect of any other credit agreement for that matter, specifically as a result of the information about the missed payment on his credit file.

### **My final decision**

My final decision is that I uphold Mr A's complaint. To put things right Volkswagen Financial Services (UK) Limited trading as Seat Financial Services must instruct the credit reference agencies to remove all record of the missed payment in November 2021 (including any associated record of arrears) from Mr A's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 April 2023.

Michael Ball  
**Ombudsman**