

The complaint

Mrs M complains that BCS CREDIT LTD (BCS) failed to settle a finance agreement for a car she part exchanged with them. Mrs M says her credit file has been affected as a result.

What happened

In April 2022, Mrs M acquired a used car through a hire purchase agreement that was brokered by BCS. The cash price of the car was £9,999. Mrs M says BCS offered her £5,500 for her existing car which had some previous finance on it which they said they'd settle for her. Mrs M said BCS gave her a cheque for £131 which left them with a deposit of £1,500 in addition to a cash deposit of £150. Mrs M says that BCS failed to settle the existing finance of £3,689, on the car that she part exchanged with them.

Mrs M says that she realised it wasn't settled when she was chased for missed payments by the finance provider, who I'll refer to as FP1, of the agreement on her part exchanged car.

Mrs M said that BCS eventually arranged to settle the agreement with FP1 but was told by FP1 that due to the time taken to settle the finance the settlement figure had increased to in excess of £4,000.

Mrs M said she wants BCS to settle the agreement with FP1, remove any defaults on her credit file and pay compensation for the distress and inconvenience caused.

Mrs M says that despite contacting BCS about the issue they've not provided her with a final response to her complaint. In June 2022 Mrs M brought her complaint to our service for investigation.

BCS didn't provide our investigator with any information about Mrs M's complaint. However, our investigator felt they were able to gather sufficient information from the finance provider of the newly acquired car, from FP1 and from Mrs M. Having reviewed all the information provided, our investigator felt that BCS didn't settle the existing finance agreement and so recommended that Mrs M's complaint should be upheld. Our investigator recommended that BCS should:

- Settle the agreement with FP1 with nothing further to pay
- Arrange with FP1 to have Mrs M's credit file amended to show the agreement is settled and to remove any adverse information relating to it.
- Pay Mrs M £300 in compensation for the distress and inconvenience caused.

BCS didn't respond to our investigator's view so the complaint was referred to an ombudsman for a final decision.

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've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

To decide if BCS have acted fairly here, I've considered whether it was reasonable for Mrs M to expect them to settle the existing finance agreement with FP1. I also need to consider what impact this would have had on Mrs M, and I must therefore decide what, if anything, BCS should do to resolve the complaint.

Mrs M complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs M's complaint about BCS.

Our investigator obtained a copy of the finance agreement from the finance provider for Mrs M's newly acquired car. The agreement supports what Mrs M said that her car was valued at £5,500 and that £3,689 was to settle the existing finance with FP1, £1,500 was used as a deposit for the new purchase and that Mrs M was provided with a cheque for the remaining amount of £131. Mrs M provided us with a copy of a 'fairs fair' document from BCS, which also confirms that BCS was to settle the outstanding finance on the part exchanged vehicle.

Correspondence from FP1 in July, August and November 2022 which included an arrears letter and default letter, confirms that the agreement for the part exchanged vehicle wasn't settled and remains open. So, from the evidence provided I'm persuaded that it was reasonable for Mrs M to expect BCS to settle her existing finance, and that it was something they didn't do.

BCS hasn't responded to us regarding this complaint, so I'm not able to say why the existing finance with FP1 wasn't settled. However, in the circumstances and from the evidence provided I don't think BCS has acted fairly.

I think it's worth noting that having reviewed the company information through the government companies house website, I'm satisfied that BCS is still trading and therefore as the broker of the agreement is responsible for a complaint about the agreement they arranged.

Putting things right

As I've found, from the evidence provided, that BCS hasn't acted fairly by not settling the outstanding finance for Mrs M, it's fair that BCS should put things right for her. In the circumstances I'll be instructing BCS to settle the full outstanding agreement with FP1.

I think that the whole situation would have caused some distress and inconvenience for Mrs M, for example with the impact on her credit file and with not receiving a response from BCS. So, in the circumstances, I'm in agreement with our investigator that £300 in compensation is fair and reasonable. So, I'll be instructing BCS to pay this to her.

As FP1 are not a respondent in this complaint, I'm not able to instruct them to amend Mrs M's credit file. BCS are unable to do so either. However, in the circumstances BCS may

decide it's reasonable to liaise with FP1 to have Mrs M's credit file amended to remove any adverse information in relation to the circumstances of this complaint. Mrs M may also decide to pursue the amendment of her credit file with FP1 if she feels it's necessary to do so.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct BCS CREDIT LTD to:

- Settle the outstanding finance with FP1 in relation to the part exchanged vehicle
- Pay Mrs M £300 in compensation for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 6 June 2023.

Benjamin John
Ombudsman