

The complaint

Mr M complains that Marsh Finance Ltd ("Marsh Finance") gave him incorrect information regarding the outstanding balance on his finance agreement.

What happened

Mr M took out a hire purchase agreement with a third-party who I'll call "C", in August 2017 to acquire a used car.

For ease, I'll refer to both C and Marsh Finance Ltd as Marsh Finance throughout my decision.

In August 2022, Mr M contacted Marsh Finance by phone to request a settlement figure from them. Mr M said that he was told by Marsh Finance that he had a monthly payment of £430.75 leaving his account in August 2022, which meant he only had to pay an additional £95.86 by 16 September 2022.

Marsh Finance then sent Mr M a settlement quote saying the final figure to pay was £526.61 and Mr M said he paid what he thought was the remaining amount owed in early September 2022.

Marsh Finance then sent Mr M a letter in October 2022 explaining that there was still £628.70 of arrears left to pay.

Mr M complained to Marsh Finance and they sent him a final response. Marsh Finance explained that during the call, they confirmed his settlement figure and confirmed there were arrears on his account of £317.78. Marsh Finance explained that arrears are not included in any current balance showing on the account. And as his September 2022 direct debit was returned, the arrears increased to £628.70.

Mr M paid the amount owed in October 2022 but he said the impact of paying it put him in hardship with making other payments.

Mr M then referred his complaint to our service.

Our investigator upheld Mr M's complaint. In summary, he said he listened to the call Mr M had with Marsh Finance and said that it was likely Mr M was left with the impression that the settlement figure included the arrears owed. He concluded that Marsh Finance should pay Mr M £100 compensation and also remove any negative information from Mr M's credit file that has resulted specifically from the missed September 2022 direct debit.

Mr M responded and said he agreed with the investigator's outcome.

Marsh Finance responded and said they disagreed with the investigator's findings. They said they believed the settlement amount was clearly explained to Mr M, along with the arrears balance. They also said that they would expect Mr M to contact their collections department if he was ever in doubt of any remaining balance.

Our investigator explained this didn't change his opinion and 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.

Having done so, I'm upholding this complaint and I'll explain why below.

Although the agreement was with C, the evidence shows that Marsh Finance dealt with the complaint and administered the account on C's behalf. And neither Marsh Finance nor C have disputed this. So I'm satisfied I can consider Mr M's complaint about Marsh Finance.

What I need to consider here is whether Marsh Finance gave Mr M incorrect information, and if so, what impact this had on him and what Marsh Finance should do to put things right.

I've listened to the call Mr M held with Marsh Finance in August 2022. An advisor says that there are arrears on the account. So I appreciate why Marsh Finance believe they made this clear to Mr M.

But later in the call, the advisor gave a breakdown of the outstanding balance and what was owed. The advisor says that the outstanding balance *does* include the arrears. She explains that due to an upcoming monthly payment, the remaining balance left to pay would be £95.86. She also told Mr M she will send the figures discussed in writing to him.

I have seen a copy of the settlement letter that was sent to Mr M. It gives the outstanding balance on his account, as well as the rebate applied and the final settlement figure. This letter did not mention arrears on the account.

While the letter sent to Mr M didn't specifically say that £95.86 would be left to pay, considering this was sent after the conversation Mr M had with Marsh Finance, I think it was reasonable for Mr M to conclude that once his upcoming monthly payment was paid, then he would have only £95.86 remaining to pay.

So I'm satisfied Marsh Finance has given incorrect, or at the very least, unclear, information to Mr M.

While incorrect information was given, it doesn't follow that the arrears should be waived. Mr M is contractually obligated to pay these, and I think it's fair and reasonable that he did so, despite the incorrect information.

I now need to consider the impact Marsh Finance's mistake has had on Mr M and whether they need to do anything to put things right.

Mr M has told our service that following clearing his outstanding debt with Marsh Finance, he struggled to make other payments. And, I can appreciate that having to pay an amount he wasn't expecting would have been a shock to Mr M. So, I'm satisfied Mr M has been caused distress and inconvenience because of what Marsh Finance did wrong.

Considering everything here, I'm satisfied Marsh Finance should pay Mr M £100 for the distress and inconvenience caused.

Marsh Finance may have also reported adverse information on Mr M's credit file in relation

to this. I'm satisfied if Marsh Finance gave him the correct information at the time, he likely would not have cancelled his direct debit and settled the balance earlier. So they should also remove any adverse information relating to this account that has been added since the phone call in August 2022.

My final decision

My final decision is that I uphold this complaint. I instruct Marsh Finance Ltd to put things right by doing the following:

- Pay Mr M £100 for the inconvenience caused.
- Remove any negative information about this agreement from Mr M's credit file that has been added since the phone call he held with them in August 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 June 2023.

Ronesh Amin
Ombudsman