

The complaint

Mr E has complained about how Marsh Finance Ltd handled the termination of his car finance agreement.

What happened

Mr E entered into a finance agreement with Marsh. However, in October 2021, he called it to explain that his driving licence had been revoked. Marsh made him aware of various options, including ending the agreement. However, it didn't explain that by not having a valid driving licence, the agreement had been breached. Accordingly, Mr E kept the car – keeping up his monthly repayments – but didn't use it.

It wasn't until January 2023 that Marsh told Mr E that it needed to recover the car, because of the breach. He complained that he should have been told before. Marsh agreed, and paid him £50 by way of apology. Mr E was unhappy with this, so brought his complaint to our service.

One of our investigators looked into what had happened. He looked at what the outstanding balance would have been, had the agreement been terminated in October 2021, as it should have been. He did this by taking an average value, from three independent valuers, of what the car could have been sold for at auction at that time. He also took into account auction fees. This resulted in a calculation of Mr E owing £431 more on the outstanding sum, than he would have had the agreement been terminated at the appropriate time. So, he recommended that Marsh reduce the amount owing by this much. He also recommended that it pay Mr E a total of £200, for the trouble and upset caused.

Marsh disagreed. It said that Mr E had already accepted £50 compensation. Further, the car had been sold at auction for the best possible price, and the payments Mr E had been making reduced the outstanding balance even further.

The complaint's now been passed to me.

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 agree with our investigator's recommendations – and for the same reasons he gave. It's irrelevant that the repayments Mr E had been making contributed to lowering the outstanding balance. The agreement should have been terminated in October 2021, so it's appropriate to calculate whether the fact it wasn't, left Mr E out-of-pocket. I'm satisfied it did, by £431. I'm also satisfied that this has led to Mr E suffering trouble and upset, and I think a total of £200 compensation is fair to reflect this aspect of the complaint.

Putting things right

To put things right, Marsh should:

- reduce the outstanding balance by £431; and
- pay Mr E a total of £200 compensation (insofar as it hasn't already). This extra £150 should be paid directly to Mr E, rather than being used to reduce his outstanding balance.

My final decision

It's my final decision to uphold this complaint. I require Marsh Finance Ltd to take the actions set up above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 27 December 2023.

Elspeth Wood
Ombudsman