

The complaint

Miss D complains about the service she received from Specialist Motor Finance Limited ("SMFL") when she was in financial difficulty.

What happened

In June 2018, Miss D entered into a hire purchase agreement for a car with SMFL. Under the terms of the agreement she would make 59 monthly repayments of £150.79 followed by a final payment of £160.79.

On 21 February 2023, Miss D contacted SMFL by phone to discuss paying back the arrears on her account. During the call, SMFL's representative attempted to complete an income and expenditure form in order to find out if a repayment arrangement might be affordable to Miss D. When the call could not continue due to poor phone network issues, the representative offered to send Miss D the form by email to complete herself. But the form was not sent to her that day and it was necessary for Miss D to contact SMFL on at least two further occasions to chase for it. She was also told by SMFL that it wasn't possible to email her the form.

The income and expenditure form was eventually emailed to Miss D on 3 March 2023. SMFL has offered to pay Miss D £25 by way of compensation for what had happened. That offer has since been increased to £50.

Miss D is unhappy with the offer and says that she has lost out to due SMFL's actions as it has affected her credit file.

Our investigator thought the offer was fair. As Miss D disagrees, her complaint has been passed to me for a 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 this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Miss D's hire purchase agreement is a regulated consumer credit agreement which means we're able to look into complaints about it.

First, I agree that SMFL could have done better, having told Miss D in error that it would be sending her an income and expenditure form to complete herself. That didn't happen because she'd been incorrectly told it would be possible to send her the form. So Miss D was inconvenienced by having to chase SMFL for the form. At the same time she was understandably concerned about the delay. She also thought the delay might have an impact on her credit file.

SMFL has acknowledged it could have done things better. It has now agreed to increase its offer of compensation from £25 to £50. This is by way of an adjustment against what Miss D currently owes SMFL in relation to her agreement. I think that's fair.

I've next looked at whether the delay in providing Miss D with the income and expenditure form might have had a detrimental effect on the reporting of her financial situation to credit reference agencies.

I've not seen anything to show or suggest that SMFL had made an error in the way it reported the status of Miss D's account. I should point out, as our investigator did in her view, that SMFL is legally obliged to report factual credit information to credit reference agencies. Nor can I see that during the period between Miss D contacting SMFL on 21 February 2023 and receiving the income and expenditure form by email on 3 March 2023, there was a material change in her situation that would mean she'd lost out. In particular, as Miss D is suggesting, that it would have meant that the record of a payment shortfall from January 2023 wouldn't have been added to her credit file.

The payment shortfall would in any event have gone on to be noted on Miss D's credit file. This is irrespective of what happened between 21 February and 3 March 2023, being the time that elapsed between SMFL attempting to complete an income and expenditure form and Miss D actually receiving it. In short, the record added to her credit file was likely to have been an accurate reflection of her financial position in relation to the agreement. And it wasn't affected by the issues relating to Miss D discussing her financial position with SMFL and being asked to complete an income and expenditure form.

It follows that I agree there is no reason to request the removal of the adverse marker on her credit file that arises from the January 2023 partial payment.

Taking everything into account, I'm satisfied that the increased offer of £50 fairly reflects the level of distress and inconvenience caused to Miss D.

Putting things right – what SMFL needs to do

It follows that the only compensation I think it's fair and reasonable to pay to Miss D is in relation to distress and inconvenience due to the income and expenditure form not being sent to her after SMFL had told her it would do so.

That means SMFL must pay Miss D a further £25, in addition the £25 it offered her before this complaint was brought to this service. It's reasonable to pay this sum by way of an offset against what Miss D owes SMFL.

My final decision

For the reasons I've set out above, my final decision is that I uphold this complaint. Specialist Motor Limited must pay Miss D a total of £50 compensation (if it has not already done so) to reflect the distress and inconvenience it has caused Miss D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 20 December 2023.

Michael Goldberg

Ombudsman