

The complaint

Miss H has complained about the way Advantage Finance Limited administered a hire purchase agreement she'd taken out to acquire a car.

What happened

The circumstances of the complaint are well known so I'm not going to go over everything again in detail. But, to summarise, Miss H acquired a car under a hire purchase agreement with Advantage Finance in August 2020. The car cost around £5,900 and she put around £340 up front. She was due to repay the agreement with 53 payments of around £190 followed by a final payment of around £390.

Miss H said that due to unforeseen personal circumstances she experienced financial difficulties and she was unhappy with the support Advantage Finance offered her. She said she was unhappy Advantage Finance threatened to take the car off her and issued her a default notice. Miss H said she wanted late payment fees removed and her monthly payment lowered to something more manageable.

Advantage Finance said it had offered support to Miss H. It said it issued default notices when required but it had not recorded a default with the credit reference agencies. It said it had referred Miss H's account to a specialist team to support her. It said she's not paid any charges on the account for returned direct debits or for being in arrears.

Miss H wasn't happy with the response and referred her complaint to the Financial Ombudsman to consider.

One of our investigators looked into things but thought Advantage Finance had broadly acted fairly. He said he thought Advantage Finance has provided Miss H with regular updates about the agreement detailing arrears. He said he thought Advantage Finance had provided Miss H with breathing space, and that it issued default notices and arrears notices fairly. He noted Advantage Finance hadn't applied a default to Miss H's credit file, and he didn't make any recommendations.

Miss H didn't agree Advantage Finance had done enough to support her. She highlighted it didn't offer to reduce her payments, and that it threatened to take the car away. She said a specialist team didn't contact her and that she thinks it should award compensation.

As things weren't resolved, 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.

I want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Miss H and Advantage

Finance that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Miss H acquired the car using a hire purchase agreement, and our service is able to consider complaints relating to these sorts of regulated agreements.

I first want to say I'm very sorry to hear about what Miss H has been through. I don't underestimate the impact the situation has had on her. I can't imagine how she must feel but I thank her for taking the time to bring her complaint.

I've reviewed the Advantage Finance's contact notes to get an understanding of the communication between the parties. I've also reviewed the statement of account to understand how Miss H has been managing the agreement.

Like our investigator pointed out, I think Advantage Finance has tried to work with Miss H when she fell into financial difficulties. I can see she first asked for help towards the end of 2021, and it offered to accept a reduced payment. It also offered to refund any charges that were applied due to the missed payment. This is the sort of forbearance I'd have expected to see. It asked for evidence of Miss H's financial circumstances, and I don't think that was unreasonable. As Miss H had mentioned the situation was affecting her mental health it let her know it had a dedicated care and support team if she'd prefer to speak to them. And it offered to speak to Miss H over the phone. I think that was reasonable as well.

I can see Miss H was unhappy Advantage Finance was contacting her about the arrears. It wrote to her when payments were missed, but I don't think that was unfair. It was required to let Miss H know if she was falling behind.

I can see Miss H was also unhappy Advantage Finance wouldn't put a block on her account. While I can appreciate why she may have requested that, I don't think Advantage Finance acted unfairly by wanting to discuss matters with her. It put a stop to all further charges on the account and wrote to her again in 2022 when she'd missed payments. It regularly offered to arrange a payment plan which is what I'd expect.

I can see Advantage Finance sent Miss H a default notice when she was over two payments behind. This is the sort of thing a firm is required to do, so I don't think that was unfair. Throughout 2022 Miss H was making card payments for a few months and I can see she was trying to pay more than the contractual payment so that she could clear the arrears. It's clear she was trying to stay on top of things and get her account back on track. I can appreciate she was unhappy Advantage Finance kept writing to her about the arrears. And it kept on asking to speak to her. I appreciate that might've been stressful for her, but it seems that Advantage Finance was willing to put in payment arrangements and offer forbearance for her. It wanted to speak to her to understand more about her financial situation before putting plans in place. And I don't think this was unfair.

In April 2023 Advantage Finance offered to put the account on hold for 30 days because of the impact Miss H said the situation was having on her, which I think was reasonable. By the time of the final response letter Miss H was about £1,200 in arrears. Leading up to that there might've been grounds for Advantage Finance to start thinking about taking steps to recover the car but, from what I've seen, it's tried to work with Miss H in order for her to come to arrangements to clear the arrears. Miss H indicated she started a second job, and so I don't think it was unfair for Advantage Finance to try to work with her rather than seek to terminate the agreement, because this might've caused even more detriment for her. Arguably it could have sought to terminate the agreement sooner or look at exit options for Miss H. But given Miss H was unhappy Advantage Finance may have been thinking about recovering the car, it seems she was keen to keep it and work with Advantage Finance.

In all the circumstances, I am sorry to hear Miss H struggled to meet her payments. I can see she's tried to keep on top of things. And I can understand why she wanted her account frozen. But I have to bear in mind Advantage Finance has offered various methods of forbearance over the last couple of years. It made sure no charges were applied for any missed payments. It's entered into payment plans. And it did put a stop on the account at one point. It's also not registered a default with the credit reference agencies. I have to bear in mind that Advantage Finance own the car. And given the arrears I'd not expect it to enter into an unsustainable arrangement to pay with Miss H when recovering the car might've been a better option. It's regularly wanted to discuss things with Miss H to get an understanding of her financial situation which isn't unreasonable. She's ultimately been able to keep the car. And while I am sorry to hear about what she's been through, I've not seen enough to give me the grounds to direct Advantage Finance to pay compensation as Miss H has requested.

However, I should point out that if Miss H is still struggling with the repayments, she may wish to speak to Advantage Finance. Advantage Finance does have a duty to continue to treat her with forbearance and due consideration. She does have options to end the agreement if she can't keep up with repayments. And if the monthly payment isn't affordable, I'd urge her to speak to Advantage Finance to see if there's any other sort of sustainable arrangement she can agree to.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 2 April 2024.

Simon Wingfield
Ombudsman