

## **The complaint**

Mr Z complains that Black Horse Limited trading as Land Rover Financial Services failed to show him due care when he contacted it for assistance when he was experiencing financial difficulties. I'm going to refer to the business as Land Rover Financial Services throughout this decision.

## **What happened**

In March 2019 Mr Z entered into a hire purchase agreement (in the form of a personal contract plan) for a car with Land Rover Financial Services. The agreement was for 48-months and set out that there were 47 monthly payments of £273.38 and in the 48th month a payment of £9,060 was due. Under the terms of the agreement Mr Z could return the car in 48th month if he did not wish to pay this final instalment (usually referred to as a balloon payment).

Mr Z unfortunately experienced financial difficulties during the period of the hire purchase agreement. As his income was reduced, Mr Z had to use savings and other investments to make up any shortfalls in HIS income. Mr Z did not miss any payments due under the hire purchase agreement.

In November 2022 Mr Z completed the "Get help form" provided on Land Rover Financial Services' portal. On this form he set out his income and outgoings which showed a negative disposable income figure and submitted it to the financial assistance team.

Mr Z didn't receive a response from Land Rover Financial Services and so around three weeks after providing the information, he called to make enquiries. The agent he spoke to confirmed they had the form and that they were able to see his financial position. They advised that they wouldn't be able to look at payment plans as Mr Z's account wasn't in arrears nor was a payment holiday suitable as these were agreed when a change for the better was expected in a consumer's income. They also noted that Mr Z would shortly be due to make the balloon payment as the agreement was coming to an end.

Mr Z explained to the agent his reasons as to why he wanted to keep the car and said what he would like to do was make an offer in respect of the final payment and see if he could negotiate a lower settlement figure for the car. The agent explained that there were three options for Mr Z, he could sell it or look at using it in part-exchange for a smaller, cheaper car, he could hand the car back or he could pay the final payment as per the agreement of £9,060. The agent informed Mr Z that "short settlements" were not something Land Rover Financial Services accepted and that the final payment figure would stand. The agent said the process, if Mr Z wished to keep the car was for him to pay the full and final settlement figure.

Mr Z said that he would try writing to Land Rover Financial Services as he wanted to discuss this further. The agent provided him with the address for head office. The agent raised with Mr Z whether he wished to make a complaint but advised that if he did it wouldn't be upheld as Land Rover Financial Services would only accept the full settlement amount and there was no option available for this to be negotiated. Mr Z said he did not wish to complain.

Mr Z wrote to the head office a short time after this call, setting out the change to his financial circumstances and acknowledging that there was only three months left of the agreement. He explained why he would like to keep the car and asked if a lower settlement could be negotiated. He sent this letter via special delivery and was notified of its arrival at Land Rover Financial Services a short time later. Mr Z did not hear anything in response.

In January 2023 Mr Z called the head office to enquire what had happened with his letter. The agent advised that it hadn't been received by their department yet although they accepted it had been delivered to the building. Mr Z explained about the contents of his letter and his earlier call. The agent spoke to the specialist team and informed Mr Z that there was no option available for Land Rover Financial Services to accept a lower settlement than the final payment set out on the agreement. They asked Mr Z if he would wish to now raise a complaint.

Mr Z said that he would like to complain as he was aggrieved his letter had not been responded to. He also said that he thought with the 'Get Help' policy that someone at the business would wish to discuss things with him. Again, the agent advised him that if he made a complaint it wouldn't be upheld as the policy was the final settlement payment had to be paid in full as set by the agreement. Mr Z said he was concerned his letter hadn't been read and a written response provided. A complaint was therefore raised on his behalf.

In February Mr Z was called by the complaints manager for Land Rover Financial Services who said Mr Z's letter hadn't been received until January 2023 due to a backlog of letters. He was again informed the option to make a short settlement wasn't available.

Mr Z wrote to the business again to ask why he had still not received a response to his December 2022 letter. He said he found Land Rover Financial Services had been insensitive to his situation and there had been long delays in its communication with him. He queried why negotiations on payments could only be made at the mid-contract stage.

In March 2023 Land Rover Financial Services wrote to Mr Z and said that due to backlogs in its post his letter hadn't been received by the department until January 2023. It also said no response had been sent because it had discussed the matter with him verbally on the phone, but it accepted this was an error. Land Rover Financial Services said it would uphold Mr Z's complaint about its handling of his enquiry and that it would make a payment of £50 to him in recognition of the distress that had been caused to him.

Mr Z made a complaint to this service. He said his complaint wasn't about Land Rover Financial Services' refusal to accept a short settlement for the car but because of the unnecessary delays and the dismissive lack of response to his contact in respect of his financial hardship. He said the delay in response had led to him having to make speedy decisions and in effect forced his hand about keeping the car.

Mr Z said he had been given false hope by the first agent he had spoken to about sending the letter and had then been met with weeks of silence. He said Land Rover Financial Services hadn't been transparent or clear, it had declined to provide a copy of any policy regarding not accepting short settlements and this was also not set out in the agreements terms and conditions. He queried that if this was a business decision then wouldn't it possibly be open to negotiation?

Our investigator didn't recommend that Mr Z's complaint should be upheld. She said that Land Rover Financial Services would be expected to treat customers who were experiencing financial difficulties with due consideration and forbearance. And that she thought his concerns had been responded to within a reasonable period of time.

Our investigator said that due to the agreement being close to the end, she wouldn't have expected payment plans to have been discussed and the options that were open to Mr Z had been set out in the terms and conditions and had also been explored with him. She said she couldn't comment on the policy to not negotiate the final settlement figures as that wasn't within this service's remit.

Mr Z disagreed with our investigator's view. He has sent a number of detailed responses for me to consider. I mean no disrespect to Mr Z if I don't include all of the points he has raised but I will concentrate on those I consider to be the main issues.

Mr Z says Land Rover Financial Service are obliged by the FCA standards to consider the needs of financially vulnerable people. He says he was advised to write to the head office. Mr Z says his December 2022 letter wasn't a complaint and shouldn't have been treated as one as he had wanted to speak to someone about his own vulnerable financial position.

I issued a provisional decision along the following lines.

I had set out the lengthy background which had been based on the contents of the two phone calls between Mr Z and Land Rover Financial Services in December 2022 and January 2023 which I had listened to. I acknowledged this background however wouldn't have set out everything that had happened.

Mr Z's financial circumstances had changed and although he was able to make payments under the agreement, he had done so by using savings and other financial plans he had in place. I didn't think it was disputed that Mr Z had been struggling to meet his commitments.

Mr Z had contacted Land Rover Financial Services via its portal and completed the income and expenses form with the purpose of seeking help. There were at that time, as I understood, only 3 to 4 payments to be made before the final lump sum payment fell due. Mr Z had contacted Land Rover Financial Services about three weeks after submitting his income and outgoings as he had no response.

I appreciated why Mr Z would have been concerned about the lack of contact as Land Rover Financial Services says it is "*there to help*" if customers experience money problems. And even though his account wasn't in arrears, I would have expected some contact between Land Rover Financial Services and Mr Z as his income and outgoings form had shown there was a deficit in his household budget. So, I thought Land Rover Financial Services should have done more at that time.

I had listened to the call made by Mr Z in December 2022 regarding the lack of acknowledgment from Land Rover Financial Services about his financial position. I thought the agent had been polite and sympathetic to him. She had set out three options, acknowledging that although it was his preference to keep the car, he may need to consider taking another action such as using it in part exchange for a smaller cheaper car. I thought that during this call, Land Rover Financial Services via its agent had listened to Mr Z's needs and his financial circumstances (the agent looked at the income and outgoings form while talking with him). It had provided him with options as to what he could do.

Mr Z said he wasn't aware of his options until that point and that these weren't then provided in writing to him until nearer the end of December 2022 when Land Rover Financial Services sent him a general letter about the agreement coming to an end. Looking at the contract, while I agreed the option to part-exchange the car wasn't included in the terms and conditions, they had set out that if the customer wishes to keep the car at the end of the agreement, then they would need to pay the final payment or alternatively, if they didn't wish

to make that payment, they could return the car.

I didn't think Land Rover Financial Services had acted unfairly by not writing to Mr Z after the discussion he had with the agent in December 2022. I thought the options available had been fully discussed and that Mr Z had been clear he wanted to keep the car and that the settlement would be expected to be paid. I also didn't think that the gap between the call and the subsequent letter was such that Mr Z would have been put to any financial disadvantage, he still had time until the end of the agreement to decide what he had wanted to do.

I thought it was fair to say that the main topic of discussion in the December 2022 phone call had been Mr Z raising the possibility of having a lower settlement figure agreed. He told the agent that he was aware another company had agreed to do this with someone he knew (though that had been some years ago). The agent had correctly checked whether such an option was available for him with a manager and informed him that Land Rover Financial Services didn't offer this. I thought the agent had been very clear with Mr Z about this policy and that when discussing with him whether he wanted, at that stage, to make a complaint that it wouldn't be upheld because if Mr Z wanted to keep the car, he would have to pay the final settlement payment in full.

I didn't accept the agent had given Mr Z any false hope by providing the address for the head office for him to send a letter. It was Mr Z who had raised doing this saying he would try writing to "*see if there was any scope*" in negotiating a lower settlement figure. The agent had been clear about what options were open to Mr Z. They had also explained why payment plans or payment holidays wouldn't be appropriate with such a short time left on the agreement and when there were no arrears. Mr Z had concluded the call saying he will write the letter to head office "*just to see.*"

I appreciated Mr Z said that his complaint wasn't about Land Rover Financial Services' declining what had been referred to as a short settlement, but I thought this policy was an important part of it, so I did need to consider this policy as part of my decision.

As explained by our investigator, business decisions aren't part of this service's remit. And I wasn't surprised that Land Rover Financial Services hadn't provided a copy of this policy to Mr Z as that was likely to be a business sensitive document. As I wouldn't have expected it to provide a copy to Mr Z, I didn't think it had acted unfairly in not doing so. And while I accepted another company hadn't, in the past, operated a similar policy I couldn't reasonably say such a policy was inherently unfair.

Mr Z raised a lack of transparency because the terms and conditions hadn't set out that the final payment was non-negotiable, but I didn't think it needed to do so. It had set out what amount would fall due at the end of the agreement if the consumer wished to keep the car. It also set out that the consumer could hand the car back at the end of the contact if they didn't wish to pay that amount.

There were options open to Mr Z as the contract ended, and although I could understand why he wanted to keep the car that was his choice. I couldn't reasonably say the other two options that had been provided to him were unfair or unreasonable looking at Mr Z's circumstances.

Mr Z was unhappy that he hadn't received a response to his December 2022 letter and so contacted head office in January 2023. While I could understand his concern that his letter hadn't been received by the correct department when he called, I thought, taking into account that there had been the holiday period in between and that there had been earlier postal strikes, that it was likely backlogs had built up. I didn't think Land Rover Financial Services had acted unreasonably at that point in not having written back to Mr Z about his

letter and I didn't think it had deliberately lied to him about the postal situation.

During the call in January 2023, Mr Z had been again informed that his request to negotiate the final settlement amount owed for the car wasn't an available option. The options that were open to him were explained and these were the same as he'd been given in December 2022. I thought that during this call Mr Z had been clear that he was unhappy as he felt he was being ignored and his enquiry dismissed, particularly as the agent had left to speak with a manager and then relayed what had been said rather than the manager coming on the line.

At the end of the call the agent agreed to raise a complaint for Mr Z. Mr Z said his complaint was because he felt the business should have treated his letter with respect and provided him with a reply to show it had been read and considered.

Mr Z had expressed some surprise that his next contact was with a complaints manager in February 2023, but I thought that was reasonable given the agreed result of the call in January 2023 was that a complaint would be raised.

I could appreciate Mr Z's disappointment that he hadn't received a written response to his letter, and I'd seen he had said the purpose of writing was to look for support from someone responsible for sensitive customer issues relating to finance. But looking at the letter's content, while it had set out the change to his financial circumstances and his wish to keep the car it had concentrated on his request that he be able to discuss making a settlement offer for the car that was within his means. As this wasn't something Land Rover Financial Services would discuss I thought it was more likely than not that any reply would have been brief with a repeat that Land Rover Financial Services didn't negotiate short settlements at the end of contracts and setting out the three options that were available and had already been discussed with him.

As I thought Mr Z had been provided with the options open to him during his two calls to Land Rover Financial Services, then I didn't think I could reasonably say that it had been dismissive of his financial problems.

However, even though I thought that from the first call in December 2022 Mr Z had been aware that Land Rover Financial Services wouldn't consider a short settlement for the car, and that he had been given his options, I did think it would have been reasonable for Land Rover Financial Services to have responded to his letter in writing. Land Rover Financial Services had also acknowledged this by the offer of £50 compensation made to Mr Z. I thought that a written response would have confirmed what he had been told but would also have acknowledged him as a customer with financial concerns.

So, I didn't think that, overall, Land Rover Financial Services had provided Mr Z with the service he could have reasonably expected after he had approached it about his financial difficulties. It hadn't responded to his income and expenses form and it hadn't formally replied to his letter even though he had been clear that was what he was both expecting and wanting. I could appreciate why he felt disappointment about how his financial circumstances were being treated.

However, I needed to balance the above with the fact that Mr Z had been given his three options as to what he could do at the end of the agreement in respect of the car in sufficient time to have made plans. As set out, I thought the options provided had been fair and I wouldn't have expected Land Rover Financial Services to have looked at reduced monthly payments or payment holidays here. Mr Z queried why there is a difference in the way consumers are treated midway through a credit agreement to when the agreement is near the end. And while I agreed that more options may be discussed to keep a car with a consumer when an agreement has a longer period left than Mr Z, there is good reason for

that. This is because there can be a significant financial impact for consumers who find themselves struggling to pay agreements which aren't near the end of their term. Voluntarily terminating a credit agreement part way through and returning the car is likely to leave a consumer with a substantial amount of money still owed to the business which would worsen their financial position. Mr Z wasn't in that position.

Here, Mr Z had been able to hand the car back or use it as a trade-in for another cheaper car. I didn't think that by providing the three options that it had, that Land Rover Financial Services had acted unreasonably and unfairly to Mr Z and these options were mindful of his financial circumstances. I wouldn't have expected Land Rover Financial Services to do more in respect of assisting Mr Z than offer the three options that had been set out to him.

I also didn't think Mr Z had been given any reason to believe that Land Rover Financial Services accepting a short settlement was realistically likely to happen. I thought he had been told several times this wasn't an option that was available.

Looking at the impact on Mr Z, I thought compensation was appropriate for the distress and inconvenience caused to him in respect of the lack of response to his income and outgoing form and his December 2022 letter, but I didn't think it was likely that the outcome about his having to pay the full settlement if he wished to keep the car would have been different. I also didn't think the lack of response had been likely to have caused Mr Z any financial detriment. He had always wanted to keep the car and knew from December 2022 that it was highly likely he would need to pay the settlement amount in full. So, I thought a total amount of compensation of £150 was fair and reasonable here, and if Land Rover Financial Services has already paid Mr Z the £50 it had offered, then I would ask it to pay him a further £100.

So, for the reasons given, I intended to partially uphold Mr Z's complaint as I thought Land Rover Financial Services should have responded to his first contact about his financial difficulties provided via the portal, and it should have responded to his December 2022 letter. However, I disagreed that it hadn't provided him with any support and had been dismissive of his situation.

Land Rover Financial Services has agreed with my provisional decision, but Mr Z has raised some objections. He says it would have been clear to Land Rover Financial Services that from his contact with it in February 2023 he had been looking for a discussion about his financial difficulties. He says that by treating his contact as making a complaint he was put at a disadvantage.

Mr Z says he doesn't agree that there was any post backlog when his letter arrived at Land Rover Financial Services' head office in December 2022 and that the business hadn't been there for him as promised when he was experiencing financial difficulties. He says that he has been disadvantaged by the late reply from Land Rover Financial Services and wasn't given the option to discuss further financial agreements which other companies offer. Mr Z says he doesn't think the compensation amount is fair and reasonable.

### **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've reviewed the evidence, the conclusions I reached and Mr Z's response and although I appreciate this will be of disappointment to Mr Z I haven't changed my view.

I have set above out in detail the background to Mr Z's complaint and so I don't need to repeat that here. I'm still satisfied that Land Rover Financial Services had set out the options

which were available to Mr Z in the December 2022 and January 2023 calls. I think these options were fair and reasonable and although other companies may offer other options, I am only looking at Land Rover Financial Services' handling of Mr Z's agreement. I can't fairly compare what other companies may or may not do in these circumstances. As I set out above, the three options given to Mr Z were in accordance with the contract's terms and conditions and they allowed Mr Z a choice about what was best for him. I still think Land Rover Financial Services acted fairly by setting these out to him and I wouldn't have expected it to have gone beyond these options.

Looking at the evidence, I think Mr Z had discussed his situation with agents of Land Rover Financial Services during his telephone calls in December 2022 and January 2023. He had been told during those calls what his options were, and that the settlement price was non-negotiable. The settlement amount being required in full was further confirmed in the February 2023 phone call. I don't think I can reasonably say Mr Z had been disadvantaged by not being given a further opportunity to discuss the situation because Land Rover Financial Services treated his contact as a complaint.

I appreciate Mr Z doesn't accept what Land Rover Financial Services said about the post having built up a backlog, but I still think that is more than likely what had happened. I don't think the business either deliberately delayed responding to him or were negligent in the way it had handled his letter in January 2023. However, I still think it would have been fair and reasonable for Land Rover Financial Services to have written a response to Mr Z following his call with it in January 2023.

As I think Mr Z had discussed his situation with Land Rover Financial Services, and it had provided his options with time to decide what he wished to do, I'm satisfied that it had treated him fairly in respect of his financial situation and hadn't been dismissive of the situation he had found himself in. And, as set out above, I still think the outcome here would have been unchanged even if Land Rover Financial Services had responded to Mr Z's first contact in November 2022 and/or his letter sent in December 2022 as Mr Z wanted to keep the car. It had been clearly set out to him on a number of occasions that if he wished to pursue that option then he was required to pay the full settlement amount.

So, on review I'm satisfied that a total amount of £150 compensation is fair and reasonable when looking at the impact Land Rover Financial Services' handling of Mr Z's contact regarding his financial position had on him. I accept he has suffered distress and inconvenience chasing up his initial contact and then not receiving a formal response to his December letter. But I still don't think Mr Z has been disadvantaged financially by Land Rover Financial Services' actions, it had provided him with his options, and it was for him to decide which to take. He had had time to consider and weigh up what he wanted to do.

For the reasons given, I'm partially upholding Mr Z's complaint.

### **Putting things right**

I'm asking Land Rover Financial Services to pay Mr Z compensation of £150 in total for its handling of his enquiry regarding seeking assistance due to his financial difficulties. If it has already paid the £50 offered by it to Mr Z, then Rover Financial Services should pay him the further £100.

### **My final decision**

As set out above I'm partially upholding Mr Z's complaint. I'm asking Black Horse Limited trading as Land Rover Financial Services to pay Mr Z compensation of £150 in total for its handling of his enquiry regarding seeking assistance due to his financial difficulties. If it has

already paid the £50 offered by it to Mr Z, then Black Horse Limited trading as Land Rover Financial Services should pay him the further £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 20 February 2024.

Jocelyn Griffith  
**Ombudsman**