

## **The complaint**

Ms S is unhappy with the support provided to her by Oodle Financial Services Limited when she fell into financial difficulties on a hire purchase agreement.

## **What happened**

The facts and circumstances of this complaint are well known to both parties. So, I don't intend to list them chronologically and in detail. But in summary, in September 2019, Ms S was supplied with a used car through a hire purchase agreement with Oodle. She paid a £3,000 deposit and the agreement was for £9,790 over 60 months, with an initial payment of £315.15, 58 monthly payments of £265.15, and a final payment of £315.15.

Ms S first contacted Oodle about her financial difficulties in June 2020, when she explained her income had been affected by the coronavirus (Covid-19) pandemic. Oodle offered payment deferrals, and they accepted reduced payments when Ms S was unable to make the full payments.

In November 2021, Ms S advised Oodle that she'd left an abusive relationship, and she discussed her options as she didn't know if the car would be affordable for her. Between November 2021 and June 2023, Ms S had a number of conversations with Oodle, in which her personal and financial circumstances were discussed. During the course of these, Oodle continued to send Ms S letters confirming her arrears; something they were required to do by their regulator, the Financial Conduct Authority ('FCA'), every six months.

In addition to regularly advising Ms S of her options to end the agreement, Oodle offered her payment arrangements, provided breathing space, and took into consideration the medical and police information Ms S had provided. However, they also advised her that, as a responsible lender, they were unable to let the arrears build to a point they became unsustainable. Given this, on the occasions Oodle were able to assess Ms S's income and expenditure for a payment arrangement, they were looking for Ms S, where possible, to maintain the agreed payments and pay something towards the arrears. And it was for this reason they explained to Ms S they were unable to let her keep the car and pay a long-term reduced payment.

In June 2023, Ms S asked to voluntarily terminate ('VT') the agreement, which Oodle agreed to. The car was collected in July 2023; however, Ms S was still liable for a £6,101.68 outstanding balance. Ms S asked Oodle to write this amount off, but they didn't agree to do so. After Oodle didn't uphold her complaint, Ms S brought it to the Financial Ombudsman Service for investigation.

After considering all the facts, our investigator said that Oodle had generally treated Ms S fairly, but she would've expected them to do more in the circumstances. Oodle were aware that Ms S was a vulnerable customer, but the investigator didn't think it was fair they should write-off any outstanding balance, as this was correctly owed under the agreement.

However, the investigator thought Oodle could've suspended any interest and charges, once they became aware of Ms S's circumstances, so she thought they should recalculate the

arrears balance, reducing it by the amount of any interest refund, and set up a sustainable repayment plan for Ms S to repay any outstanding arrears. The investigator also said that Oodle should pay Ms S an additional £200 for the distress and inconvenience they'd caused.

Oodle didn't respond to the investigator's opinion, and Ms S disagreed with it – she thought the outstanding balance should be waived. She also didn't think it was fair that, in leaving an abusive situation, she was now left with no car, an outstanding debt to Oodle, and debts that her ex-partner left her, while her ex-partner hasn't been financially affected by what's happened.

Finally, Ms S also didn't think the £200 compensation was fair, especially as her health was affected by the abuse she suffered, and that she's only just been awarded benefits for this.

I issued a provisional decision on 19 March 2024, where I explained my intention to uphold the complaint. In that decision I said:

*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 (if appropriate) what I consider was good industry practice at the time. Ms S was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.*

*I've seen a copy of the agreement Ms S signed on 11 September 2019. Under the heading **"TERMINATION: YOUR RIGHTS"** the agreement says:*

*"you have a right to end this agreement. To do so you should write to the person you make your payments to. They will then be entitled to the return of the goods and to half the total amount payable under this agreement, that is £9,504.50. If you have already paid at least this amount plus any overdue instalments and have taken reasonable care of the goods you will not have to pay any more."*

*I've noted this is standard wording that's been approved by the FCA. And this essentially means that, upon VT, Ms S would be required to pay Oodle at least £9,504.50 (if she'd already paid them more than this, the excess would not be refunded), plus any arrears and end of contract damage charges. The arrears would also include the payments that were deferred in 2020. So, I'm satisfied that Oodle were acting in line with the agreement Ms S signed by asking her to pay back the arrears upon termination.*

*The FCA also required Oodle to treat Ms S's situation with forbearance and due consideration. As an example of this, the FCA say that financial businesses should "consider suspending, reducing, or cancelling any further interest or charges."*

*Based on what I've seen, I'm generally satisfied with the support Oodle provided Ms S by allowing her breathing space, arranging payment plans, and letting her make token payments. However, I agree with the investigator that they haven't done enough. I say this because Oodle had an obligation to ensure Ms S's situation didn't become unsustainable, and by allowing the situation to continue as long as it did, with interest accruing on the outstanding balance, I don't think they did this.*

*As such, I think Oodle should do something to put things right.*

*I've first considered whether Oodle should write-off the arrears balance. But I don't think it's fair for them to do so. While I appreciate Ms S's comments about this, and how she thinks she's been treated unfairly as a victim of domestic abuse, I also need to take into consideration that she had been provided with a car that was available for her to use from*

*the start of the agreement to when the VT went through. So, I think it's only fair that Ms S pays for this usage, which includes the month's she didn't make the full payment i.e., the arrears and deferred payments.*

*I've also considered the FCA's requirements for forbearance and due consideration. In doing so I've looked at when it ought reasonably to have been obvious to Oodle that Ms S was unlikely to be able to bring the agreement up to date – I consider that, given the circumstances, this should've been the trigger for Oodle to do something more.*

*The investigator has said this date should be 5 November 2022. I've seen that Ms S first contacted Oodle to explain about her domestic situation on 5 November 2021. In this call she explained she was unaware if the car was still affordable but asked for some time to work this out. While this was the first time Oodle were aware of Ms S's circumstances, given her request, I don't think this is the point where Oodle should've know Ms S was never likely to bring things back up to date.*

*It was in a phone call of 17 November 2021 that Ms S first told Oodle she didn't think the car was affordable, and she asked about her options. In this call, Oodle also became aware that Ms S was no longer working because of what had happened to her. On the same call, Ms S expressed her wish to refinance a cheaper car, so she would be able to work when she was physically able to do so.*

*Based on the case notes I've seen from Oodle, I've not seen anything after the phone call of 17 November 2021 that satisfies me that they were aware of any substantive improvement in Ms S's situation. So, I think that Oodle should've taken further action to assist Ms S on 17 November 2021.*

*When looking at what I think they should've done, it was clear that Ms S had a desire to keep the car, as it would be needed for any future potential work. However, it was also reasonably clear that this was an unlikely situation given her circumstances, and the most likely outcome was either VT or repossession. So, I think it's reasonable that Oodle should have suspended all interest and charges from 17 November 2021. And I now think they should recalculate the agreement as if they'd done so.*

*Turning now to the recommendation that Oodle pay Ms S an additional £200 for the distress and inconvenience she's been caused. It's clear that Ms S has suffered a substantial amount of distress from the situation she's been through. But I need to be aware that the majority of this is as a result of the abuse she suffered, and the issues she's had with other third parties i.e., the "fight" she explained she's had to be able to get benefit payments. While this has no doubt had a significant impact on her, when looking at what Oodle should do, I can only consider any impact that's been directly caused by their service.*

*As I've explained, while I think Oodle generally treated Ms S with forbearance and due consideration, I think they should've done more by way of suspending interest and charges. Had they done so, I'm satisfied the VT would've happened sooner. So, and while I appreciate Ms S won't agree with this, the £200 recommended by the investigator is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my decision.*

*Therefore, Oodle should calculate all the interest and charges applied to Ms S's account on or after 17 November 2021, apply them to the arrears balance, and pay Ms S £200 for the distress and inconvenience they've caused her.*

*If the interest and charges are more than the arrears, then Oodle should:*

- *refund any surplus balance to Ms S; and*
- *apply 8% simple yearly interest on the refund, calculated from the date the interest and charges were applied to the date of the refund<sup>†</sup>.*

*However, if any outstanding balance remains, then Oodle should:*

- *if applicable, recover any debt back from any third-party to whom it may've been sold to OR liaise with the debt owner to ensure that all steps are undertaken; and*
- *arrange an affordable repayment plan with Ms S, while taking into consideration the FCA requirements to treat customers in financial difficulties with forbearance and due consideration.*

*<sup>†</sup>If HM Revenue & Customs requires Oodle to take off tax from this interest, they must give Ms S a certificate showing how much tax they've taken off if she asks for one.*

## **Responses**

Oodle accepted my provisional decision, but Ms S didn't. She provided extensive comments and evidence about the impact the abuse she'd suffered had had on her. She believes that victims of such abuse shouldn't be financially hampered by any debts they incurred during the abusive relationship, and she provided correspondence she'd had with her MP, urging them to advocate for a change in law to allow such debts to be written off.

Given the abuse Ms S has suffered, she maintains her view that Oodle should write-off the outstanding balance owing.

## **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 read and considered all the additional information Ms S has provided, which I note is reiterating and confirming the comments she'd made throughout the investigation, and before I issued my provisional view.

When making my final decision, I don't mean to belittle Ms S's lived experiences. However, I'm unable to change the law to give Ms S the outcome she's looking for. And, for the reasons already stated in my provisional decision, I don't think Oodle need to write off the outstanding debt. The comments Ms S has provided don't change my opinion on this point.

I am sympathetic to the financial situation Ms S now finds herself in, and I've noted that the correspondence from her MP contains details of specific and targeted financial support Ms S can apply for to assist her with this. And I have nothing to add to this advice.

In her extensive comments on my provisional decision, Ms S hasn't made any reference to the date of 17 November 2021, and whether Oodle should reasonably have been aware she was never going to be able to maintain payments to the agreement at any point earlier. As such, I'm assuming the lack of comments to mean Ms S has no objection to this date.

Given this, the comments I've received don't change my provisional decision, and I see no compelling reason not to adopt this as my final decision. So, I'll be directing Oodle to take some actions to put things right.

## **Putting things right**

Oodle should calculate all the interest and charges applied to Ms S's account on or after 17 November 2021, apply them to the arrears balance, and pay Ms S £200 for the distress and inconvenience they've caused her.

If the interest and charges are more than the arrears, then Oodle should:

- refund any surplus balance to Ms S; and
- apply 8% simple yearly interest on the refund, calculated from the date the interest and charges were applied to the date of the refund<sup>†</sup>.

However, if any outstanding balance remains, then Oodle should:

- if applicable, recover any debt back from any third-party to whom it may've been sold to OR liaise with the debt owner to ensure that all steps are undertaken; and
- arrange an affordable repayment plan with Ms S, while taking into consideration the FCA requirements to treat customers in financial difficulties with forbearance and due consideration.

<sup>†</sup>If HM Revenue & Customs requires Oodle to take off tax from this interest, they must give Ms S a certificate showing how much tax they've taken off if she asks for one.

## **My final decision**

For the reasons explained, I uphold Ms S's complaint about Oodle Financial Services Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 1 May 2024.

Andrew Burford  
**Ombudsman**