

## **The complaint**

Mr G has complained Paragon Bank plc, trading as Paragon Motor Finance, is continuing to hold him liable for the remainder of credit agreement despite him confirming his car had been stolen.

## **What happened**

Mr G took out a credit agreement with Paragon in March 2022 for a vehicle. Throughout the time Mr G had the car, he regularly checked with Paragon what the current settlement value was. He says this was because he was paying careful note of the car's value in the strong second-hand car market.

Mr G cancelled his direct debit in April 2023. In May 2023 he confirmed his car had been stolen, along with other vehicles. His car was recovered by the police. Paragon collected the car and sold it in October 2023. They asked Mr G to repay the outstanding debt from his credit agreement. This amounted to over £25,000.

Mr G complained but Paragon confirmed they were acting within the terms of the credit agreement. Mr G brought his complaint to the ombudsman service.

Our investigator initially felt Mr G's evidence was plausible and that he wasn't in breach of the terms of his agreement. She asked Paragon to write off the balance owed. Paragon provided further evidence to show their discussions with Mr G throughout the period of his credit agreement. This showed that further applications were made for finance on this car, as well as the registered keeper of the car being changed in October 2022.

Our investigator changed her view as she felt this showed Mr G hadn't been upfront with our service. She wasn't going to uphold his complaint.

Very upset with this outcome, Mr G has asked an ombudsman to consider his complaint.

## **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've reached the same outcome as our investigator. I'll explain why.

The detail of what happened and at different times have been covered in detail by our investigator's views of 8 February and 27 March. I don't feel the need to go through this in detail again as I know both parties have reviewed those.

Having reviewed what happened, I am satisfied that Mr G is in breach of his credit agreement with Paragon and will have to take steps to settle the outstanding amount. I say this because of the following points:

- I'm not particularly concerned by Mr G regularly requesting settlement figures from Paragon. I can see why they feel this is suspicious but I'm willing to accept what

Mr G says at face value that he was keeping an eye on the second-hand car market.

- It's clear that Mr G's finances were not on an even keel. He regularly mentions financial difficulties and whether he's able to continue to meet his financial commitments. However, there's no doubt this car was a high-end vehicle and there are many steps Mr G could have taken to reduce his monthly outgoings.
- Mr G cancelled his monthly direct debit for repayment of the credit agreement in April 2023. This was the month prior to his car being stolen.
- There's no dispute that the registered keeper of the car was changed in October 2022. This was changed coincidentally to the owner of the garage that Mr G gave his car to in March 2023 for works to be completed. I can see Paragon notified Mr G of this in October. I've seen nothing to show Mr G took the actions I'd have expected if this had been done without his authority or knowledge. I appreciate what he's said about not having the logbook, but I remain sceptical. If Mr G was using the car, I see no reason why he'd not have taken the relevant steps to get DVLA to register him as the keeper.
- I'm aware that Paragon was also alerted to at least two other finance companies carrying out a search on the car which suggests someone was looking to sell or re-finance the car. Although Mr G would have difficulty in completing this if he wasn't the registered keeper. But I can see Paragon contacted Mr G when they became aware of potential interest in the vehicle by other finance companies. Again, there's nothing to show Mr G did anything.
- Paragon were concerned at Mr G's breach of the terms of his agreement and wrote to him about these instances.
- The police evidence suggests Mr G confirmed to them that he had an arrangement with the person from whose garage his car was stolen in May 2023. Essentially this person would sell him cars and Mr G would then allow the third party to take them back again. Potentially sub-hire agreements were being taken out.

I can't be exactly sure what Mr G was doing or the details of his relationship with the third party who owned the garage. But I'm satisfied that not everything was above board and there were significant breaches of his credit agreement throughout. I'm sure from what Mr G has shared with us that he was shocked when his car went missing in May 2023. However, I'm not going to ask Paragon to do anything further.

### **My final decision**

For the reasons given, my final decision is not to uphold Mr G's complaint against Paragon Bank plc, trading as Paragon Motor Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 September 2024.

Sandra Quinn  
**Ombudsman**