

## **The complaint**

Miss F complains that FCE Bank Plc trading as Ford Credit didn't treat her fairly when she experienced financial difficulties after losing her job. She feels Ford Credit persistently chased her for payment which resulted in her selling her car which she says caused her a financial loss.

As a resolution to her complaint, Miss F would like Ford Credit to return the interest she has paid on her credit agreement.

## **What happened**

Miss F entered into a hire purchase agreement for a vehicle in December 2019. Miss F sadly lost her job in September 2023 and contacted Ford Credit for assistance.

Miss F had four monthly repayments remaining until the agreement came to an end. However, she couldn't make any payments as she was in the process of claiming benefits and didn't know what she was entitled to until October 2023. Miss F says she was contacted every week for an update and had later shared her benefit entitlement. But Miss F still couldn't make the repayments due under this agreement as she had other priority bills and expenses.

Miss F says she could have made token payments until she had secured alternative employment. After being contacted by Ford Credit weekly, Miss F felt no other choice but to sell her vehicle. She attempted to sell her car through various outlets but was unsuccessful. The dealership purchased the vehicle back for £6,000 however Miss F feels if Ford Credit had given her some space, she would have owned the car outright as she's since secured employment elsewhere.

Ford Credit sent a final response to say it couldn't offer to reduce the monthly instalments and offering a payment arrangement to assist in clearing the arrears would not have been feasible due to the agreement coming to an end in four months. Ford Credit offered a goodwill gesture of £50 for any stress and inconvenience caused to Miss F as a result of their contact.

Unhappy with Ford Credit's response, Miss F brought the complaint to our service to consider. Our investigator looked into things but didn't think Ford Credit needed to offer Miss F a payment arrangement. Our investigator acknowledged how distressful it would have been for Miss F to continually receive communication from Ford Credit during this period but felt the compensation award of £50 that Ford Credit had offered was fair in the circumstances of this complaint.

Miss F remained unhappy as she feels Ford Credit should have provided options for retaining the car or allowed reduced payments for a short period. Miss F says she could have fully repaid the agreement in January after securing employment.

Miss F's complaint has therefore been passed to me to make a final 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 (if appropriate) what I consider was good industry practice at the time.

Miss F was supplied with a car under a hire purchase agreement, which is a regulated consumer credit agreement. This means we're able to investigate complaints about it.

I've had regard to the relevant guidance which is in the FCA's Consumer Credit Sourcebook ('CONC'), specifically CONC 7.3 – the treatment of customers in or approaching arrears or in default. In summary, this requires firms to treat customers with forbearance and due consideration. Examples of this would include things such as:

- suspending, reducing, waiving, or cancelling any further interest or charges
- allowing deferment of payment of arrears
- agreeing a repayment arrangement
- accepting no payment, reduced payments, or token payments for a reasonable period of time

I can see Miss F and Ford Credit were in regular communication about her financial situation. Ford Credit sent Miss F a letter in August 2023 after a payment was missed. I've seen a copy of this letter which Miss F confirms she received. This letter provided Miss F with several options including the possibility of a payment arrangement, a part exchange, the sale of the vehicle and information about voluntary termination and surrender. Having read this, I think Ford Credit provided sufficient information to Miss F to allow her to understand her options in the event she couldn't make this payment or if she experienced further financial difficulties.

Ford Credit has provided their contact notes and I can see Miss F shared information about her financial situation with them. Miss F told Ford Credit she couldn't make any repayments towards her agreement even after receiving benefits. I appreciate this must have been a difficult time for her and I also understand the reasons why she told Ford Credit she couldn't make any repayments due to other financial commitments and living expenses.

Ford Credit moved the direct debit payment that was due on 23 October by two weeks to allow Miss F to consider her next steps. Despite this, Miss F informed Ford Credit in November 2023, that she couldn't make the payment due on 4 December but advised she was in contact with the dealership about the sale of her vehicle. This meant Miss F would have been in arrears for four months, keeping in mind that the agreement was due to end in December 2023. Later in November, Miss F informed Ford Credit she sold the vehicle to the dealership and the finance agreement was settled.

CONC 7.3.5G looks at forbearance measures such as considering suspension of future interest, deferment of arrears, or accepting token payments for a reasonable period from a customer who demonstrates that meeting their existing debts would mean not being able to meet their priority debts or other essential living expenses.

During Miss F and Ford Credit's communication, there was no indication as to when Miss F would be able to make repayments or clear the arrears that built up on the account. I appreciate Miss F has since secured employment, but prior to the vehicle being sold, Miss F

couldn't offer any information relating to future payments to enable the lender to approve a suitable payment arrangement within the remaining term. Nor could I expect Ford Credit to agree to an extension of the term based on what Miss F was telling it about her affordability. Therefore, I don't think Ford Credit did anything wrong by not discussing the options of a payment arrangement.

I can see that Ford Credit did provide Miss F with a period of forbearance. After discussions, Ford Credit understood it wasn't going to receive any monthly payments after Miss F shared her situation. I wouldn't have expected Ford Credit to suggest or accept token payments from Miss F when the duration of this would be unknown. Miss F was in the process of applying for jobs, but I don't think this is information Ford Credit could rely on to assess the prospect of Miss F making future repayments at some point in the future. I'm glad to see Miss F has since secured employment in January but this wasn't known to Ford Credit when they were communicating with Miss F, so I don't think Ford Credit needed to act differently in these circumstances.

Having considered all the information and evidence on file, I can't agree that Ford Credit pressured Miss F to sell her car. I can see Miss F told Ford Credit that she was in discussions with the dealership and later confirmed that she had sold the car back to the dealership. Miss F has provided a detailed account on why she believes she has lost out as a result of selling the vehicle, but I can't see how I can hold Ford Credit responsible for Miss F's decision to sell the vehicle or the value that it was sold for.

In circumstances where a consumer has not made payments towards a finance agreement, I would expect a consumer and firm to engage. Miss F's situation appears to have been acute and somewhat fluid, and I don't think it was unreasonable for Ford Credit to contact Miss F on a weekly basis to understand if there was any change to her financial situation – after all, Miss F was unable to make her contractual repayments under the agreement.

I can see Miss F did her best to keep Ford Credit updated during the course of this period, but I don't find Ford Credit's attempts with communicating with Miss F excessive. Ford Credit has offered a goodwill payment of £50 to recognise any stress or inconvenience caused to Miss F because of their communications. If Miss F would like to accept this, if she hasn't done so already, she is free to liaise with Ford Credit directly on this matter.

In May 2024, Miss F told us that she has requested call records from her phone provider to evidence that she had spoken to Ford Credit at least once a week. We haven't received this information, but I don't think this makes a material difference to my findings. I don't dispute that Miss F kept Ford Credit updated about her financial situation, but I don't think Ford Credit needed to do anything differently based on the information she was sharing.

As such, I believe Ford Credit have acted fairly and reasonably in line with the relevant guidance when considering Miss F's circumstances. While I appreciate this will come as a disappointment to Miss F, for the reasons stated, I won't be asking Ford Credit to do anything differently.

### **My final decision**

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 15 January 2025.

Sameena Ali  
**Ombudsman**