

The complaint

Ms G has complained about the way Oodle Financial Services Limited trading as Oodle Car Finance administered a hire purchase agreement she'd entered into to acquire a car.

What happened

In July 2022, Ms G acquired a car under a hire purchase agreement with Oodle. The car cost £12,850 and she paid a £4,000 deposit.

Ms G said the car was in an accident in December 2022, which she reported to her insurance company immediately. She said she didn't realise she was supposed to let Oodle know straight away.

Ms G has asked the Financial Ombudsman to look at a complaint against Oodle. I can see Oodle sent two final response letters to Ms G. The first final response was from June 2023 and Oodle said Ms G complained:

- Oodle sent an email to the garage that had the car saying it could retain it because Oodle didn't own it.
- Oodle hadn't responded to her queries.
- Oodle owed her money.

Oodle said, in summary:

- It spoke to Ms G in January 2023, where she let it know about the accident.
- It asked Ms G to take the car key to the garage that had the car so it could be taken away for inspection by the insurer. Oodle said it had a financial interest in the car, but the asset was Ms G's responsibility.
- It noted Ms G was unhappy ownership of the car was transferred to the garage.
- It noted Ms G had received a partial settlement from her insurance company in April 2023, but she said the insurer needed the car back to determine if she'd receive a full pay-out.
- Ms G contacted Oodle in May 2023, to ask it to release the car to the insurance company and that she wouldn't make payment until that had been done.

Oodle didn't uphold Ms G's complaint. It said it had not received payments that were due and asked Ms G to contact her insurer to discuss next steps. It said if Ms G had received a pay-out it would need to be paid towards the finance agreement as per the terms and conditions. It said until the account was settled, Ms G was required to maintain her payments. It said it couldn't find record of a lack of contact from its recoveries team.

Oodle sent another final response in November 2023. Oodle said Ms G complained about the negative impact on her credit file. Oodle said, in summary:

- The insurer confirmed that following the accident it had settled the claim and paid Ms G £11,000. These funds weren't used to settle the finance agreement.
- It noted Ms G had sent it a cheque for £4,000 as partial settlement for the balance owing of around £8,400. It said Ms G told it she wouldn't pay the full outstanding

- balance until she had retrieved the car but that it told her she was liable.
- Its payment support team continued to try to contact Ms G.
- The £4,000 cheque bounced due to insufficient funds

Oodle didn't uphold this complaint either. It said the agreement was terminated in October 2023, following the loss of possession of the car and defaulted loan. It said it was required to correctly report the account status to the credit reference agencies. It said if Ms G needed support to clear the balance she should contact its payment support team.

Ms G requested the garage release the car back to her and for Oodle to remove the entry on file until the dispute was settled. She wanted Oodle to stop stating she had the car in her ownership when it had given it to a third party.

One of our investigators looked into things but didn't uphold the complaint. He said the car was owned by Oodle until February 2023, and it was within its rights to transfer ownership as the car was its asset at the time. He said Ms G's right to salvage would've only become applicable if the agreement was paid in full. He said Ms G was the registered keeper, and not owner of the car, and that it was her responsibility to assist the insurer with its enquiries. He said the insurer took some time to deal with the claim but that wasn't Oodle's responsibility. He thought the £11,000 payment seemed a fair market value. He also thought Oodle acted fairly by reporting missed payments. Overall, he didn't think Oodle had been unreasonable.

Ms G didn't agree. She thought the assessment was contradictory. She said the garage needed to answer why it took salvage and ownership of the car while the claim was ongoing. She said the garage had an email saying the marker was removed and that it could keep the car. She queried why Oodle asked her to give the keys to the garage. She said Oodle gave authorisation for the garage to take ownership, but she wanted confirmation.

Our investigator explained Oodle owned the car and had a marker on it to warn buyers. He said the garage was looking to buy it so contacted Oodle. He said Oodle knew the insurer was going to pay the claim and that Oodle expected Ms G to settle the agreement. He said the ownership of the car then transferred to the insurer. He said Oodle let the garage know this by removing its marker and that it was safe to buy the car from the insurer.

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 Ms G and Oodle 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.

Ms G acquired the car under a hire purchase agreement. Our service is able to consider complaints relating to these sorts of regulated consumer credit agreements.

I think it's important to make clear that I can only consider how Oodle has acted under this complaint. This decision will not deal with any alleged failings by the insurance company or third-party garage. If Ms G is unhappy with the insurance company, she'd need to take it up with it direct in the first instance. If she's unhappy with its response it may be something our

service is able to consider. I appreciate Ms G is also unhappy with the garage involved. But that's not something our service will be able to help with in a complaint against Oodle or the insurance company.

I've first looked at the agreement. This sets out Oodle remain the owner of the car throughout the agreement and that Ms G would only become the owner if she'd made all the repayments to it under the agreement and exercised the option to purchase. It also sets out that Ms G is responsible for all loss of, or damage to the car even if caused by events outside of her control. The agreement says Ms G was required to insure the car for its full replacement value against loss and damage. It says Ms G must not part with possession of the car. It also sets out that Ms G must tell Oodle and the insurer about any loss or damage to the car within 48 hours of the incident. It says Ms G agrees to hold in trust for it any insurance moneys she receives. And that Oodle is authorised to negotiate and settle any claims with the insurer and to receive any moneys from it. It said Ms G was still required to pay any outstanding balance and the agreement would continue even if the car was lost or damaged.

It doesn't seem to be in dispute that things went wrong after the accident. Oodle weren't made aware of it. There was a period Ms G wasn't in possession of the car. And, as far as I'm aware, Ms G has ultimately not used the insurance sum to pay off the finance agreement.

The key thing for this complaint, from what I can see, is that Ms G says she's unhappy Oodle effectively allowed the garage to take ownership of the car when Oodle removed its marker and said the garage was welcome to salvage it. I don't think removing the marker was an issue because it was up to Oodle whether to have it registered or not. But it's not clear the garage should have been told it was welcome to the salvage at that point without checking with the insurer first.

There was a lot of back and forth between the parties around February 2023, when it wasn't clear if the car was a write-off or not, and whether the insurance company was going to pay out in full or not. Ms G had concerns about dropping keys off in case anything happened to the car. It looks like Ms G was also in negotiations with the garage and presumably insurer about buying the car. I can understand why Ms G maybe felt Oodle had jumped the gun when telling the garage it was welcome to the salvage. I think I'd agree with that. I think it would have been prudent for it to have waited until the insurance claim was resolved, or to not have commented on the salvage without more clarity from the insurer. When there's an accident with a car that's been acquired on finance the way ownership works can be slightly complicated. I think Oodle removed its interest because it thought the insurer was going to settle the claim.

Ms G's insurer has paid out on the claim. I think Oodle asked for the insurer to pay it direct. But from what I can see, the insurer paid Ms G £11,000, which I understand was the market value of the car. I can't hold Oodle responsible for the insurer paying Ms G direct. And I can't hold it responsible for any issues of ownership between the insurer and the garage. When the insurer pays out fully under a claim it becomes the owner of the goods. Ms G would have had to agree a price with the insurer to buy the goods if that was an option available under the insurance policy. That's not something Oodle would have been involved in as far as I can see. It's not clear that Ms G would have been able to proceed to purchase the car even if Oodle hadn't told the garage it was welcome to the salvage. We've not been supplied that evidence. And as I said above, if Ms G is unhappy with the insurer's actions in relation to this, she'd have to take that up with it direct.

Looking at things holistically, even if I were to say Oodle's actions contributed to Ms G losing the chance to buy the car, I still have to bear in mind that she's received the insurance sum under the claim. And had she wanted to buy the car at that point, she'd have had to negotiate a sum with the insurer and possibly garage to do so – not Oodle. She'd also have had to come to some sort of arrangement with Oodle with regards to the finance agreement that was still active. There's a lot to consider but I can't see she's suffered a financial loss as a result of something Oodle has done wrong. So, I'm not going to direct it to make payment to her.

Moreover, Ms G decided to stop paying the agreement and, from what I've seen, she hasn't used the insurance sum to settle the agreement with Oodle. The agreement sets out Ms G was still required to pay the agreement (and hold insurance moneys in trust for Oodle). When Ms G stopped paying towards the agreement, I don't think Oodle acted unfairly by reporting that to the credit reference agencies.

Taking everything into account, I don't find I have the grounds to direct Oodle to take action. I think Ms G should speak to Oodle about repayment of the debt. And I'd remind Oodle to treat her with forbearance and due consideration if she's unable to pay off the agreement in one go.

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 Ms G to accept or reject my decision before 26 June 2024.

Simon Wingfield
Ombudsman