

## **The complaint**

Mr W is unhappy with how Oodle Financial Services Limited (Oodle) dealt with a voluntary termination of his hire purchase agreement.

## **What happened**

In October 2020, Mr W entered into a hire purchase agreement with Oodle to acquire a used car first registered in October 2015. The cash price of the car was around £6,840. The total charge for credit was £5,401 and the total amount payable was around £12,241. The term of the agreement was 60 months. There was one instalment of around £252 followed by 58 instalments of around £202, followed by one instalment (including the Option to Purchase fee) in the sum of around £252.

On 7 December 2023 Mr W wrote to Oodle and also emailed them the next day. In this correspondence he said he was exercising his right of voluntary termination under Section 99 of The Consumer Credit Act 1974 (CCA). He asked Oodle to collect the car prior to 1 January 2024.

The car was collected by Oodle's agents on 31 January 2024.

Mr W said that he continued to pay the insurance and road tax with the expectation the car would be collected in a timely manner, but he feels that as Oodle failed to collect the car for some time, this resulted in him incurring unfair costs. Mr W said the law surrounding voluntary termination indicates all liability he has toward the car ends with immediate effect. So, he believes, this includes any insurance and tax costs because the liability has shifted to Oodle once he exercised his right to voluntary terminate. He would like a refund of the costs he has incurred, plus compensation for the distress and inconvenience caused to him.

In January 2024, Oodle responded to Mr W's complaint. In summary, they said that on 12 December 2023 they had set up a repossession request for the car. Oodle said their agent attempted to recover the car on 4 January 2024, however, they were unsuccessful. Oodle said that on 18 January 2024 their agent again confirmed to them that they would be reattempting the recovery on 31 January 2024. In this correspondence they explained to Mr W that until the car is recovered, it is his responsibility to ensure that the car is safe and adequately insured and taxed. So, Oodle said they will not be reimbursing him for these costs.

Mr W was unhappy with Oodle's response, so he brought his complaint to Financial Ombudsman Service (Financial Ombudsman).

Our investigator was of the opinion the cost of the insurance and tax remained Mr W's responsibility until the car was collected.

Mr W did not accept the investigators outcome. So, 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.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, the law, and, where appropriate, what would be considered to have been good industry practice at the relevant time.

Mr W acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of our Financial Ombudsman as a free alternative to the courts.

The CCA sets out the rights consumers have to voluntarily terminate their hire purchase agreements and the liability that is due on termination. Under section 99 of the CCA, a consumer has a right to voluntarily terminate a regulated credit agreement, such as a hire purchase agreement, at any time before the final payment. Section 100 of the CCA stipulates liability of a debtor on termination of a hire-purchase agreement. The CCA indicates that voluntary termination of an agreement does not affect any liability under the agreement which has accrued before the termination.

I know Mr W believes that the law surrounding voluntary termination stipulates that all liability he has towards the car ends with immediate effect. So, he believes this includes any insurance and tax costs because the liability has shifted to Oodle with immediate effect. By 'immediate effect', I think that most likely, Mr W means once he told Oodle he would like to exercise his right to voluntarily terminate.

I have taken into consideration what Mr W has said, but I believe that he should be held responsible for the insurance and tax costs until Oodle's agents picked up the car. I say this for several reasons.

First, I believe that Mr W exercising his right to voluntary termination, under the CCA, was formally initiated when he notified Oodle in December 2023, when he wrote to them. But the voluntary termination process would not be considered fully complete until the car was collected by Oodle's agents. So, I agree with the investigator that the voluntary termination is not complete until the car is collected. As such, during the period between notification about the voluntary termination and the collection of the car, Mr W remained responsible for the car, including maintaining insurance and tax on it, as per the terms and conditions of his finance agreement.

But even if I got the application of the law wrong, which I do not think I have, considering the specific circumstances of this case I think it would be fair and reasonable to depart from the law. I say this because until the car was collected, I think it would not be fair and reasonable for Oodle to be responsible for the insurance and the road tax for a variety of reasons. The terms and conditions of Mr W's agreement stated that he was responsible for keeping the car insured and was responsible for all loss or damage to it. In addition, the car remained with Mr W, and as such, he was able to use it. So, it is not unreasonable that he remained responsible for it, and not Oodle. It was not Oodle but Mr W who had full control and physical possession of the car, so it would be unreasonable for the liability for the car to automatically shift to Oodle before the car was back in their possession. And during the period between

the notification about the voluntary termination and the car's collection, Oodle clearly kept reminding him that the safety of the car was his responsibility until it was collected.

Overall, I do not think it would be fair and reasonable for W's right to exercise a voluntary termination under the CCA, to affect any liability he still had under the finance agreement with Oodle, when it comes to keeping the car insured and keeping reasonable care of it, until it was returned to them. But I did also consider if Oodle did everything they should have, once Mr W notified them of wanting to exercise his right of voluntary termination. Specifically, I looked to see if they did cause any unnecessary delays in the voluntary termination process.

On 8 December 2023, Mr W emailed Oodle to exercise his right of voluntary termination. It was only several days later, on 13 December 2023 when Oodles agents started contacting him to arrange collection of the car.

I know that Mr W said that he tried to contact Oodle's collection agents back but could not get through to them. He also said that on the day the agents said they attended his property he definitely was at home. But from the evidence available, I can see that on numerous occasions the agents called and/or texted Mr W as well. So overall, I have not seen enough evidence to say that, most likely, Oodle's agents did not take reasonable steps to make contact with Mr W and/or that most likely they caused unnecessary delays in the termination process.

Mr W is also unhappy that Oodle ignored his communication after they issued their final response on his complaint. But as Oodle had issued their final response at that point, Mr W was able to bring his complaint to our service.

While I sympathise with Mr W for the difficulties he has experienced, taking all the circumstances of the complaint into account, it is not fair or reasonable for me to require Oodle to take any further action in response to Mr W's complaint.

### **My final decision**

For the reasons given above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 March 2025.

Mike Kozbial  
**Ombudsman**