

The complaint

Miss I complains about the way that Moonstone Rentals Limited has dealt with the termination of her rental agreement and the arrears on her account.

What happened

Miss I rented a TV from Moonstone Rentals under a rental agreement that she electronically signed in July 2022. The weekly hire charge was £18. Miss I didn't pay all of the weekly hire charges when they became due and her account went into arrears. She contacted Moonstone Rentals and said that she wanted to end the rental agreement in January 2024. She returned the TV to Moonstone Rentals but it charged her for some damage.

Miss I provided evidence to show that the TV wasn't damaged when she returned it and Moonstone Rentals said in February 2024 that it had adjusted Miss I's account to remove the damage charge but she owed arrears of £308.28. It said that it was happy to set up a payment plan and Miss I offered to pay £10 each month. Miss I received a default notice from Moonstone Rentals in March 2024 which said that the outstanding balance was £503.28 so she complained to this service.

This service contacted Moonstone Rentals about Miss I's complaint and it sent her its final response letter in May 2024. It also wrote to Miss I and said that it would still be happy to enter into the original agreement to clear the balance of £309.53 at the agreed rate of £10 per month.

Miss I's complaint was then looked at by one of this service's investigators who, having considered everything, thought that it should be upheld. She said that Moonstone Rental's customer service had fallen short with inconsistent handling of damage charges but its offer to reinstate the £10 per month repayment plan for arrears was fair and reasonable. She recommended that it should award £100 for the distress and inconvenience and amend any credit reporting which doesn't reflect the correct £309.53 arrears and related charges.

Moonstone Rentals accepted the investigator's recommendation but Miss I didn't so I've been asked to issue a decision on this complaint. Miss I says, in summary and amongst other things, that she owes £309.53 so that needs correcting, the default needs removing and she's never asked for the debt to be written off.

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.

Miss I ended the rental agreement in January 2024 but there were arrears on her account. She returned the TV to Moonstone Rentals but it charged her for some damage. It removed the damage charge when she provided evidence to show that the TV wasn't damaged when she returned it. Moonstone Rentals said that it was happy to set up a payment plan for the arrears and Miss I offered to pay £10 each month.

Moonstone Rentals then issued a default notice to Miss I in March 2024 which said that the outstanding balance was £503.28. I don't consider that it should have issued that default notice to her at that time. Moonstone Rentals then said that the agreement was terminated due to unpaid rental fees of £309.53 and that it had waived the equipment charge subject to an agreed payment arrangement to collect the unpaid rental fees. I don't consider that to have been correct. The rental agreement was ended at the request of Miss I and the charge for damage to the TV was removed after Miss I provided photos showing that it wasn't damaged when she returned it.

Those issues will have caused distress and inconvenience to Miss I. I consider that it would be fair and reasonable for Moonstone Rentals to pay £100 to Miss I to compensate her for that distress and inconvenience. Moonstone Rentals has agreed to pay her £100.

Miss I says that she's never asked for the debt to be written off, but in her complaint form she said that Moonstone Rentals should put the issues right by clearing the debt to zero. Miss I owes arrears of £309.53 to Moonstone Rentals for the rental of the TV and I'm not persuaded that it would be fair or reasonable in these circumstances for me to require it to write-off the arrears.

Moonstone Rentals says that it's still happy to enter into the original agreement to clear the balance of £309.53 at the agreed rate of £10 per month but Miss I refuses to provide it with her card details. I consider it to be unlikely that Moonstone Rentals would have an issue with Miss I paying it £10 each month by other means that don't require her to provide it with her card details but she may find it easier and more reliable to set up a direct debit or continuous payment authority with Moonstone Rentals. I suggest that she contacts Moonstone Rentals to discuss with it what would be an acceptable way for her to make the payments of £10 each month.

Moonstone Rentals is required to report true and accurate information about Miss I's payment history to the credit reference agencies. Miss I has provided evidence to show that Moonstone Rentals has recorded a default of £503 on her credit file. I don't consider that to be a true and accurate record of Miss I's payment history. I consider that it would be fair and reasonable for Moonstone Rentals to remove the default and to correct the information that it's reported to the credit reference agencies to show the correct amount of her arrears.

Putting things right

I find that it would be fair and reasonable in these circumstances for Moonstone Rentals to pay £100 to Miss I to compensate her for the distress and inconvenience that she's been caused, to remove the default from Miss I's credit file and to correct the information that it's reported to the credit reference agencies about the rental agreement to show the correct amount of her arrears. I'm not persuaded that it would be fair or reasonable for me to require it to take any other action in response to Miss I's complaint.

My final decision

My decision is that I uphold Miss I's complaint and I order Moonstone Rentals Limited to:

1. Pay £100 to Miss I to compensate her for the distress and inconvenience that she's been caused.
2. Remove the default from Miss I's credit file.
3. Correct the information that it's reported to the credit reference agencies about

Miss I's rental agreement to show the correct amount of her arrears.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 24 December 2024.

Jarrold Hastings
Ombudsman