

The complaint

Miss B complains that Stellantis Financial Services UK Limited, trading as Vauxhall Finance, has terminated the conditional sale agreement under which a car was supplied to her.

What happened

A new car was supplied to Miss B under a conditional sale agreement with Vauxhall Finance that she electronically signed in July 2021. The price of the car was £27,885.90, Miss B paid a deposit of £3,000 and she agreed to make 48 monthly payments of £339.87 and a final payment of £11,436 to Vauxhall Finance. Miss B didn't make all of the payments when they became due and her account fell into arrears in September 2022. Vauxhall Finance has described the steps that it took between then and May 2023 to deal with the arrears on the account and it transferred Miss B's account to a debt collection agency in May 2023. The debt collection agency then took possession of the car in July 2023.

Miss B complained to Vauxhall Finance in November 2023 and it sent her its final response to her complaint in January 2024. It didn't uphold her complaint and said that, although it empathised with the circumstances that prompted her complaint, it felt that it had acted equitably whilst adhering to its collection process and the terms and conditions of the finance agreement.

Miss B wasn't satisfied with its response so complained to this service. Her complaint was looked at by one of this service's investigators who, having considered everything, recommended that it should be upheld in part. He said that Vauxhall Finance gave Miss B a reasonable period of time to repay the arrears before deciding to repossess the car so he couldn't say that it treated her unfairly or unreasonably by terminating the agreement. He also said that an income and expenditure review in May 2023 showed that Miss B had no disposable income so it would have been irresponsible for Vauxhall Finance to have made another payment arrangement with her and he thought that the decision to repossess the car was fair in the circumstances. He said that Vauxhall Finance should provide compensation for the distress that Miss B experienced when she was asked to prove that she was a victim of domestic violence and he recommended that it should pay her £250 for any distress caused in her conversations with its agent.

Neither Miss B nor Vauxhall Finance has accepted the investigator's recommendation and Miss B has asked for her complaint to be considered by an ombudsman. She says, in summary and amongst other things, that Vauxhall Finance didn't allow her to repay the arrears at a sustainable and affordable pace, its phone calls to her haven't been listened to and she refuses to accept that Vauxhall Finance taking her car away was good practice, especially when she had another job and had resumed her monthly direct debit. She's described the effect that losing the car has had on her and she believes that Vauxhall Finance has acted irresponsibly. Vauxhall Finance says that it tried on numerous occasions to contact Miss B and doesn't see why it should pay compensation when it has done nothing wrong.

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 B had agreed to make 48 monthly payments of £339.87 and a final payment of £11,436 to Vauxhall Finance for the car to be supplied to her. She didn't make all of the payments when they became due and her account fell into arrears in September 2022. Vauxhall Finance has provided its customer record for Miss B's account. It says that a "*notice of default*" was sent to Miss B in October 2022 and she made payment of £339.87 to clear the arrears. I've not seen a notice of default that was sent to Miss B and I consider it to be more likely than not that Miss B was sent a notice of sums in arrears and not a default notice. The notes say that Miss B said that the account went into arrears because she had a large vet bill for her dog and had also had to temporarily reduce her hours in work.

Three more payments weren't made by Miss B and Vauxhall Finance wrote to Miss B in January 2023 about the missed payments and some options that were available to her. Miss B contacted Vauxhall Finance at the end of February 2023 and said that she couldn't afford the car due to the cost of living and the car being electric, but she also said that she's a carer and does need a car so she was advised that she could look to part-exchange the car for a cheaper car and she said that she would speak to the dealer.

Vauxhall Finance wrote to Miss B about the increasing arrears in March 2023. The notes show that she then made two payments of £200 and said that she'd taken on an extra 50 hours work each month to pay for the car and she asked about a payment arrangement. She was advised that Vauxhall Finance would require at least £60 extra each month for the life of the agreement to pay the arrears. The notes also show that Miss B said that the car wasn't fit for use and that its value had dropped so much that no funder would be willing to take the car. I've seen no evidence to support Miss B's claim that the car wasn't fit for use.

Miss B then said that she was going to keep the car and that she'd set up a standing order for £60, and her direct debit was reinstated but with a different due date to fit with her pay day. Another arrears letter was then sent to Miss B. The debt collection agency that Vauxhall Finance had instructed in connection with the arrears on Miss B's account said in May 2023 that it had spoken with Miss B and she'd said that she could afford to pay £50 each month towards her arrears but it had sent her an income and expenditure form for her to complete. The notes show that the debt collection agency told Vauxhall Finance in June 2023 that the completed form showed that Miss B had a monthly income of £1,600 and outgoings of £2,207 so couldn't afford to make payments and that it had attempted to inform Miss B that she couldn't afford to repay the arrears and to discuss hand back options but Miss B disconnected the call and didn't call it back.

The notes show that the debt collection agency spoke with Miss B five days later and she said that she wanted to make a payment arrangement but it told her that the information that she'd provided showed that she couldn't afford to do so and that Miss B "*... was also being very hostile towards the agent*". The notes also show that the decision was then taken to repossess the car because Miss B had agreed in March 2023 to set up an arrangement to pay her monthly payment under the agreement and £60 towards the arrears but the arrangement failed, Miss B's income and expenditure form showed no affordability, she refused to hand back the car and had avoided further contact attempts. The car was then clamped by the debt collection agency in July 2023 and Miss B offered to pay the arrears but Vauxhall Finance said that it wanted the full outstanding balance or the car to be repossessed. I've seen no evidence to show that Miss B was able to pay the arrears at that time and I don't consider that it was unfair or unreasonable for Vauxhall Finance to want the full outstanding balance to be paid or for the car to be repossessed.

I've carefully considered what Miss B has said, including that Vauxhall Finance's phone calls to her haven't been listened to, and what Vauxhall Finance's customer notes for Miss B's account say. I've not been provided with recordings of the phone calls between Vauxhall Finance and Miss B but the notes set out a record of what was discussed and I'm satisfied that I have enough information to make a decision on Miss B's complaint.

I consider it to be clear that Vauxhall Finance made many attempts to contact Miss B about the arrears on her account and agreed a repayment arrangement but Miss B didn't keep to that arrangement and that she couldn't afford to pay for the car. Miss B has described the difficult circumstances that she has experienced and the effect that the car being repossessed has had on her. I can appreciate that this has been a very difficult situation for her, but I'm not persuaded that Vauxhall Finance acted unfairly or unreasonably in deciding to repossess the car in these circumstances so I find that it wouldn't be fair or reasonable for me to require Vauxhall Finance to waive or reduce the outstanding amount that is due from Miss B. I suggest that Miss B contacts Vauxhall Finance to try to agree an affordable payment arrangement for the amount that she owes it. Vauxhall Finance is required to respond to Miss B's financial difficulties positively and sympathetically.

Miss B said in her complaint form that she was asked to prove that she was a victim of domestic abuse and the investigator recommended that Vauxhall Finance should pay Miss B £250 for any distress that she experienced when she was asked to prove that. Vauxhall Finance says that it tried on numerous occasions to contact Miss B and doesn't see why it should pay compensation when it has done nothing wrong. Vauxhall Finance hasn't provided any evidence to show that it didn't ask Miss B to prove that she was a victim of domestic abuse and it hasn't responded to the investigator's request that it provide the recordings of its phone calls with Miss B that would show whether or not it did ask her to prove it.

In the absence of Vauxhall Finance providing evidence to show that it didn't ask Miss B to prove that she was a victim of domestic abuse, I consider that it's fair and reasonable to accept Miss B's recollection that it did ask her that. That will have caused distress for Miss B and I agree with the investigator's recommendation that it would be fair and reasonable for Vauxhall Finance to pay her £250 to compensate her for that distress.

Putting things right

I find that it would be fair and reasonable for Vauxhall Finance to pay £250 to Miss B to compensate her for the distress that she's been caused. I find that it wouldn't be fair or reasonable for me to require Vauxhall Finance to waive or reduce the outstanding amount that is due from Miss B or to take any other action in response to her complaint.

My final decision

My decision is that I uphold Miss B's complaint in part and order Stellantis Financial Services UK Limited, trading as Vauxhall Finance, to pay £250 to Miss B to compensate her for the distress that she's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 27 March 2025.

Jarrold Hastings
Ombudsman