

The complaint

Miss H complains about the way that Creation Consumer Finance Limited has dealt with the payments due from her under a hire purchase agreement.

What happened

A used car was supplied to Miss H under a hire purchase agreement with Creation Consumer Finance that she electronically signed in October 2022. The price of the car was £14,199 and Miss H agreed to make 59 monthly payments of £323.58 and a final payment of £333.58 to Creation Consumer Finance.

Miss H complained to this service in May 2023. Her complaint was forwarded to Creation Consumer Finance and it said that it appreciated that Miss H was unhappy to have received correspondence from a debt collection agency but it couldn't evidence any error with the information that had been provided to her. It said that it had sent correspondence and made calls to Miss H about her late payments and arrears and had offered her support from January 2023 and had offered to take back her account if the arrears were paid at the end of May 2023 but she hadn't done so. It asked her to contact the debt collection agency for further discussion and repayment of the arrears.

Miss H wasn't satisfied with its response and her complaint was then looked at by one of this service's investigators who, having considered everything, didn't think that it should be upheld. He didn't think that Creation Consumer Finance had treated Miss H unreasonably in the handling of her hire purchase agreement and had administered her account in line with its terms and conditions.

Miss H didn't agree with the investigator's recommendation and asked for her complaint to be considered by an ombudsman. She has responded to the investigator's recommendation in detail and says, in summary and amongst other things, that:

- despite her repeated requests for an amicable payment plan and the reinstatement of her direct debit, no satisfactory resolution has been provided;
- sufficient funds were available in her account during the relevant period but there's no call evidence to support her account of events, despite multiple discussions with Creation Consumer Finance where it was agreed that her direct debit would be reinstated once a manual payment was made;
- there has been a lack of prompt communication and attentiveness to her situation and the involvement of the debt collection agency was confirmed to be an error as it acknowledged her ongoing communication with it and the handling of her account has been uncompassionate, unfair and inefficient; and
- Creation Consumer Finance has failed to provide updated account statements or a breakdown of what she owes.

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.

The hire purchase agreement says: *“Your first monthly payment of £323.58 is due 1 month after the start date of this agreement. Followed by 58 consecutive monthly payments of £323.58 which will be collected on the same date each month thereafter. The Final Payment of £333.58 will be collected 60 months after the start date of the agreement ... Your payments will be collected by direct debit payment (unless we agree otherwise)”*.

A direct debit was set up and payments of £323.58 were paid by Miss H in November and December 2022, but the payment that was due in January 2023 wasn't made and Creation Consumer Finance's records show that the payment was dishonoured. It says that it understands that to mean that there were insufficient funds available to fulfil the direct debit payment. Miss H says that there were sufficient funds available in her account for the direct debit to be made.

Creation Consumer Finance sent Miss H letters about the dishonoured direct debit and a direct debit return fee of £25 was charged to her account. A direct debit payment of £323.58 was made in early February 2023 for the payment that had been dishonoured but when Creation Consumer Finance tried to collect the direct debit of £348.58 (which was £323.58 plus the return fee of £25) the payment was again dishonoured. Creation Consumer Finance sent Miss H letters about the dishonoured direct debit and a direct debit return fee of £25 was charged to her account. When it tried to collect that payment in early March 2023 the payment was dishonoured but Miss H then made a debit card payment of £323.58. The direct debit for the monthly payments that were due in March and April 2023 were also dishonoured and an arrears letter and a notice of sums in arrears were sent to Miss H.

Miss H spoke with Creation Consumer Finance in April 2023 but it passed her account and its balance to a debt collection agency in May 2023. The debt collection agency sent its welcome letter to Miss H and she then phoned Creation Consumer Finance to complain about her account being passed to the debt collection agency. Miss H paid £350.25 to Creation Consumer Finance by debit card in May 2023 and it agreed that if she cleared the arrears on her account by the end of that month it would take her account back from the debt collection agency.

Miss H then complained to this service. She also paid £295.64 to Creation Consumer Finance by bank transfer at the end of May 2023 but significant arrears remained on her account so Creation Consumer Finance didn't take her account back from the debt collection agency.

It was Miss H's responsibility to make the payments due under the hire purchase agreement to Creation Consumer Finance. It tried to collect those payments from her by direct debit but some of the direct debits were dishonoured. I'm not persuaded that there's any evidence to support Miss H's claims that Creation Consumer Finance acted incorrectly in connection with those direct debits.

Creation Consumer Finance sent arrears letters and notices of sums in arrears to Miss H and in May 2023 it passed her account to a debt collection agency. I consider that it was entitled to do that and I'm not persuaded that it acted unfairly or unreasonably in doing so. It then agreed that it would take the account back if Miss H paid the arrears by the end of May 2023 but she didn't do so.

Miss H clearly feels very strongly that Creation Consumer Finance hasn't treated her fairly and she's also referred to her dealings with it since May 2023 – but in this decision I can only consider issues that she complained about in her complaint form so I can't consider issues that have arisen since then. She included in her complaint form a complaint about a letter

that she'd received from the debt collection agency. This complaint is about Creation Consumer Finance so I can't consider in this decision a complaint about the actions of the debt collection agency.

Creation Consumer Finance has provided evidence which shows that only one payment was made to Miss H's account between June 2023 and February 2024, which was a debit card payment of £366 in November 2023, and that the arrears on her account were £2,623.91 in February 2024. Earlier this month it said that Miss H still has the car but the last payment received from her was in November 2023 and the arrears on the account have increased to £5,212.55.

I'm not persuaded that there's enough evidence to show that Creation Consumer Finance has acted incorrectly in its dealings with Miss H. I appreciate that this will be disappointing for her, but I find that it wouldn't be fair or reasonable in these circumstances for me to require Creation Consumer Finance to take any further action in response to Miss H's complaint.

If she hasn't already done so, I suggest that Miss H contacts the debt collection agency to discuss the options that are available to her. She should explain to it her financial situation. It's required to respond to any financial difficulties that she's experiencing positively and sympathetically.

My final decision

My decision is that I don't uphold Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 12 December 2024.

Jarrold Hastings
Ombudsman