

The complaint

Mr D complains about the way Oodle Financial Services Limited, trading as Oodle Car Finance, ("Oodle") managed the end of his contract when he voluntarily terminated a car finance agreement.

What happened

Mr D entered into a hire agreement with Oodle for a used vehicle in January 2019. In February 2021, Mr D chose to voluntarily terminate the agreement and the vehicle was recovered by Oodle.

Following return of the vehicle, Mr D was informed that there was a £135 end of contract charge in relation to damage to the wheels of the car which, in Oodles' view, was beyond fair wear and tear allowed by the hire agreement.

Mr D initially sought to pay the sum off at a small amount each month. However, in October 2021 he disputed the charge entirely and he complained to Oodle.

In November 2021, Oodle sent Mr D its final response. In this, Oodle upheld Mr D's complaint and it agreed to write off the £135 charge.

However, in February 2023, Mr D was contacted by a third party debt collector which sought to chase the £135 debt. Mr D was told that Oodle had sold the debt to the third party collector.

Mr D contacted Oodle in October 2023 because he received a further letter from the third party debt collector. In November 2023, Oodle confirmed that there had been an error. It confirmed that it had bought back the debt and had written it off. It offered Mr D £50 in compensation for the distress and inconvenience it had cause him.

Mr D did not think that the amount of compensation offered was fair and he brought his complaint to this service.

Our investigator reviewed Mr D's complaint and thought that the resolution and compensation offered by Oodle was fair. Mr D disagreed and asked for his complaint to be reviewed by an ombudsman, so it was passed to me to decide.

When I reviewed Mr D's complaint I decided that Oodle hadn't offered Mr D fair compensation. I wrote to both parties to explain that I considered Oodle needed to increase the compensation it gave from £50 to £250.

I invited both parties to provide any further comments they wished me to consider before 6 September 2024. Neither party responded, so I see no reason to change my provisional decision which is explained below.

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.

Our investigator explained in their view that this service can only consider the matters raised by Mr D in relation to Oodle's response to the error it made in selling Mr D's 'debt' to a third party. Matters relating to the original decision to impose a charge (which was withdrawn) are out of time under the rules I have to apply.

Oodle does not dispute that it incorrectly sold Mr D's 'debt' to a third party after it had already agreed to withdraw the charge. I can understand that this would have caused Mr D some distress, as he considered the matter to have been resolved in November 2021.

Mr D contacted Oodle in January 2023, querying why he had received a letter about an outstanding balance to be paid. Oodle told Mr D that he had to contact the third party as it no longer managed his account. Mr D didn't have any other contact with Oodle until October 2023 when he made his complaint, following his receipt of a further communication about the debt. It is not clear what Mr D did between these dates, but Mr D said he believed that the issue had been resolved earlier by the third party.

Oodle accepted that it had incorrectly sold on Mr D's 'debt' to a third party. In its final response it agreed to buy back the non-existent debt and it offered Mr D £50 in compensation in recognition of the distress and inconvenience its poor service had caused Mr D.

Our investigator thought that this was a fair outcome. I disagreed. I did not think the level of compensation offered by Oodle sufficiently recognised its failings or the distress and inconvenience it caused to Mr D.

Mr D had been led to believe that matters from his first complaint had been resolved in November 2021. When Mr D received communications in January 2023 indicating that it was not resolved he contacted Oodle. Oodle had the opportunity here to immediately resolve matters. Its own records show that he was told he had to sort it out himself with the third party. Those same records also showed that Mr D's original complaint about the matter had been upheld and that Oodle had withdrawn the charges – there was no debt to sell on. These notes were available to the Oodle representative who spoke with Mr D.

This was the first opportunity Oodle missed to resolve matters for Mr D for the second time. Instead, it made Mr D engage separately with the third party. Having done so, Mr D continued incorrectly to be chased for the sum, resulting in his need to further complain to Oodle in October 2023.

Oodle correctly upheld this complaint – the second complaint it had upheld about the same sum. I note that when Mr D made his original complaint that he was in financial difficulty, being able to afford only £5 a month towards the sum. And other records indicated that he had been seeking to terminate the agreement because it was unaffordable for him. So I think being chased for money that he didn't owe would have been particularly worrying for Mr D.

For this reason, I think Oodle should have offered more compensation and for this reason I uphold his complaint.

Putting things right

I do not think that the compensation offered to Mr D by Oodle fairly reflected the distress and inconvenience it caused Mr D when it incorrectly sold his 'debt' to a third party and when it failed to act promptly when its error was brought to its attention.

Oodle must increase the compensation it pays to Mr D from £50 to £250.

My final decision

I uphold Mr D's complaint and direct Oodle Financial Services Limited, trading as Oodle Car Finance, to pay compensation as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 October 2024.

Sally Allbeury
Ombudsman