

The complaint

Miss G complains that Oodle Financial Services Limited trading as Oodle Car Finance (“Oodle”) won’t reinstate her hire purchase agreement following its termination.

What happened

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In April 2022, Miss G acquired a used car. She paid a deposit for the car, with the balance of the purchase price being provided by Oodle under a hire purchase agreement. The agreement was for 60 months, with monthly repayments of £503.48.

The agreement fell into arrears in January 2023 and, despite Oodle agreeing to two payment arrangements in March 2023 and September 2023, it remained in arrears. The first payment arrangement was broken in April 2023 and the second in October 2023. Following this, Oodle proceeded to terminate the agreement in December 2023 in line with the terms of the agreement.

Miss G complained to Oodle about this. She said she’d experienced some extreme personal circumstances that had affected her ability to pay, but her situation had improved, and she was able to start making payments towards the agreement and arrears. However, Oodle weren’t prepared to reinstate the agreement and it remained terminated.

Miss G brought her complaint to our service. Our investigator felt that Oodle had acted reasonably by terminating the agreement in line with its terms but said the termination should have been actioned sooner than it was, as it was clear from April 2023 that Miss G was unable to fulfil her commitment to pay what had been agreed. She asked Oodle to:

- amend the termination date to May 2023.
- amend Miss G’s credit file to reflect the same date.
- apply the payments Miss G had made in October, November, and December 2023 to the outstanding balance to reduce it.
- pay Miss G £150 for not enforcing the termination and default earlier than they had done.

Our investigator didn’t think Oodle had acted unfairly by refusing to reinstate the agreement following its termination.

Miss G didn’t agree. She felt she had now provided enough evidence to allow the agreement to be reinstated.

As Miss G hasn’t agreed, it’s 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the hire purchase agreement entered by Miss G is a regulated consumer credit agreement this service can consider complaints relating to it.

Both parties have accepted the investigator's comments that Oodle should have acted sooner than they did, when it became clear that Miss G couldn't fulfil her commitment to pay what had been agreed. And Oodle have accepted the investigator's opinion in full. So, the only thing I have to decide in this case is if Oodle have acted fairly by not agreeing to reinstate Miss G's agreement and allow her to keep the car.

In this case, I'm satisfied Oodle have acted fairly towards Miss G. I'll explain why.

Miss G has said that she doesn't think Oodle have taken her personal and financial situation into account when making their decision. But I don't agree with that in this case. Oodle's account notes clearly show the conversations that were had with Miss G throughout 2023 when the payment arrangements were made, including the personal circumstances Miss G was experiencing as well as her income and expenditure. And consideration was given to those circumstances when the payment arrangements were put in place. However, Miss G failed to pay the new payment arrangements for any period of time.

Because of that, Oodle were within their rights to proceed with the termination of the agreement. I say this because it's in line with the terms of the agreement. The car belongs to Oodle until the full amount specified in the agreement has been paid. And the agreement explains Oodle can seek to repossess their asset if payments are missed, and the account is defaulted. Oodle have shown that they tried to contact Miss G on several occasions, and by different means, during the time the account was in arrears, and those attempts to contact went unanswered. I'm satisfied that Oodle were left with no other option than to terminate the agreement and try to recover the car. Indeed, I'm in agreement with our investigator that the termination of the agreement should have been processed sooner in 2023 than it was. It was clear from April 2023 that Miss G wasn't able to meet the commitment to pay under the agreement. At this point, the account was three months behind with payments and had been for four months.

Miss G has explained that her financial and personal situation has greatly improved in recent months, and she's now in a position to fulfil her repayments, as well as make increased payments to reduce the arrears on the account. I accept she's provided evidence to confirm her employment and salary – and this has also been provided to Oodle, who have refused to change their outcome. They've said that it's been accepted by our investigator that Oodle should have terminated the agreement several months sooner than they did, so Miss G's current financial situation wasn't the same when the agreement was terminated. It's for Oodle to assess their appetite for risk, and I'm satisfied in this case that the termination had been done having considered all the information available to them at the time and following several attempts to contact Miss G to discuss the arrears on the agreement. I can't conclude that it's unreasonable for Oodle not to allow the agreement to be reinstated and for Miss G to keep the car.

As mentioned above, the car belongs to Oodle under this type of agreement, until the agreement has been paid in full. I know Miss G is reliant on a car, but I would urge her to work with Oodle to arrange for the car to be handed back. Failure to do so could result in additional costs being incurred by Miss G, such as court costs, as outlined in the terms of the agreement. Once Oodle have their asset back, they can determine what outstanding

balance, if any, Miss G owes. I would expect Oodle to show forbearance and give consideration to Miss G's financial situation at that stage, so that a suitable and sustainable repayment plan can be considered to allow any outstanding balance to be cleared, taking into account Miss G has a need to keep herself mobile for work.

In her complaint submission to our service, Miss G has said she thinks Oodle are asking her to pay back too much following the termination of the agreement. However, that hasn't formed part of her complaint to Oodle, so I haven't considered it within this decision. It's possible that any termination figure Oodle have given to Miss G was based on them not having the car back. Once Oodle have the car back, it's likely they will sell it and offset the selling price against the outstanding liability on the account. They should then be able to confirm any remaining balance to be paid and Miss G may be in a position to raise a new complaint about it – but would need to give Oodle the opportunity to look into before potentially bringing it to our service to consider.

I know this decision will come as a disappointment to Miss G, as she needs a car to travel to and from work and feels her previous personal circumstances haven't been taken into account by Oodle. But as I've explained above, I'm satisfied Oodle have acted fairly towards Miss G when terminating the agreement and I won't be asking them to reinstate it.

My final decision

For the reasons above, I uphold this complaint. Oodle Financial Services Limited trading as Oodle Car Finance must:

- Amend the termination of the agreement back to May 2023.
- Amend the default date to the same as the termination date above.
- Apply the payments Miss G made in October, November, and December 2023 against the outstanding balance on the agreement.
- Amend Miss G's credit file to show the termination date as May 2023, and remove any adverse information recorded on her credit file after this date.
- Pay Miss G £150 to reflect the distress she's been caused by Oodle's handling of the situation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 20 May 2025.

Kevin Parmenter
Ombudsman