

The complaint

Mr F complains that Volkswagen Financial Services (UK) Limited trading as Audi Financial Services ("VWFS") mishandled a late/missing payment for a personal contract plan ("PCP") he held with it. He also says it unfairly reported adverse information in respect of the late payment to the credit reference agencies.

What happened

In January 2024 Mr F entered into a four-year PCP with VWFS for a new car. The monthly payments were set at £455.88 and were to be paid by direct debit.

In July 2024 the direct debit payment was taken from Mr F's bank account but was not cleared and so the due amount for that month went unpaid. VWFS wrote to Mr F around one week later to advise him that payment hadn't been received. Mr F says he did not get that letter.

VWFS wrote again to Mr F one week later which Mr F explains he received on his return from holiday. Mr F then received an email from VWFS a few days later but, due to its appearance, wasn't sure if it was genuine as the message had no logo and came from an unrecognised email address.

Mr F says he checked his banking app which appeared to show the direct debit had actually been taken twice. He says on contacting his bank to query the payment he was told to contact VWFS.

Mr F rang VWFS to ask about the July payment. VWFS says it told Mr F the payment hadn't been made but Mr F says the agent wasn't clear about the status of the payment. During the call Mr F made a formal complaint to VWFS about its contact over the missing payment. At the end of the call the agent told Mr F there wouldn't be any further contact over the missed payment until his complaint had been resolved.

VWFS considered Mr F's complaint but did not uphold it. It said it had tried to take the direct debit from Mr F's bank account on two occasions but each time the payment had been declined. It said it had also written twice to Mr F advising a payment had been missed and inviting him to make contact. VWFS said that it hadn't acted unfairly in reporting the adverse information about Mr F's management of this account to the credit reference agencies.

Mr F was unhappy at VWFS's response and complained to this service. He said had he been aware the payment hadn't been made in July then he would have taken steps to pay it. Our investigator didn't recommend Mr F's complaint should be upheld as he didn't think VWFS had acted unfairly.

Our investigator said he didn't know why the direct debit had failed but the result was the July payment wasn't made on the due date and hadn't been paid until August 2024. He said he thought VWFS, having sent Mr F two letters, although unfortunately one had not reached him, had acted in line with its processes and it didn't need to reach out to Mr F by different methods than it had. Our investigator also said that during the phone call with the agent, he

thought they had been clear to Mr F that the payment hadn't been made because the direct debit hadn't been cleared.

Our investigator concluded that as he didn't think VWFS had made any errors in its handling of Mr F's account that he wouldn't ask it to remove the adverse information from Mr F's credit file.

Mr F disagreed with our investigator's view. He said that before he had contacted VWFS he had checked his banking app to verify the status of the payment which showed the direct debit had been taken twice though it hadn't clearly shown if the payment had been cleared. Mr F said he was disappointed with our investigator's response as he believed VWFS had breached its duty to treat customers fairly. He disputed he'd been given a clear status of his account when he phoned VWFS, he said he had been told the payment had been taken and then lost. Mr F said he had also been told no payment would be collected until his complaint had been resolved, however, the adverse information had already been reported before his complaint had been dealt with.

Mr F said VWFS had failed to provide him with timely and clear communication over the missed July payment. He said the adverse information on his credit file now gave an inaccurate portrayal of his credit worthiness.

As the parties have been unable to reach an agreement the complaint has been passed to me.

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.

Mr F says that on returning from a break he received a letter and also an email from VWFS about a missing payment in July. VWFS says it actually sent him two letters, but it appears only one was received though I accept there was no error on the address used by VWFS on these letters. Mr F also says that the email hadn't looked valid as it had no logo, and he didn't recognise the email address displayed. However, I've seen that its contents were identical to the letter which did include these things. So, I think the two together, the letter and the email, were clear that the July payment hadn't been received by VWFS. The letter and email are headed "*We haven't received your payment*" and set out that the latest payment hasn't been received and that this can have an adverse impact on his credit file. It also provides information as to how the payment can be made and the contact telephone number to use together with an email address.

Mr F says he then checked his banking app and has provided a snapshot of what this showed. The snapshot shows the direct debit for the car was taken twice within a few days during July 2024 but there is no balance amount shown so it isn't clear whether either or both direct debits were actually paid. Mr F says he then contacted his bank to ask if the direct debit had been cleared and was directed to speak with VWFS. I don't know why the bank couldn't assist Mr F or why a balance request wouldn't have assisted him in knowing whether the amount had been cleared or not, I think it's reasonable to consider that the balance for Mr F's account would have helped him understand if the direct debit had cleared or not and whether there had been sufficient funds in the account for the direct debit to have cleared.

Mr F then called VWFS. On listening to the call between Mr F and VWFS, I heard the agent say at the start of the call the payment didn't clear because there were insufficient funds in Mr F's account. And while I don't have evidence as to why this direct debit wasn't paid, I

think a common reason would be due to a lack of funds. I've also seen that the first time the direct debit was attempted by VWFS it was one day before the usual date for payment, but the second attempt was some days later which, if the issue had been the availability funds because the direct debit was unexpected, would have addressed that.

So, having listened to the call Mr F made to VWFS, I can't agree that the agent didn't clarify that the direct debit had failed, and the payment hadn't been made for July. It was Mr F who raised that his bank statement was showing the payment had been made. Later into the call the agent asked Mr F if he was disputing that there were arrears in his payments to which he answered yes. And I think this was why the agent said at the end of the call, after having taken a formal complaint from Mr F about what he considered to be a lack of transparent contact from VWFS about the missing payment, that no further letters about the July payment would be sent to him until the complaint had been resolved.

I haven't seen any evidence that the payment was actually taken from Mr F's bank account and although Mr F says the agent during the phone call informed him the payment had been taken and lost, I didn't hear that comment. As set out above, the agent stated the direct debit hadn't been taken despite two attempts. I'm therefore satisfied that the July payment wasn't made at the time it had been due.

I also haven't seen any evidence where I could reasonably conclude it was the actions of VWFS that had caused the missing July payment, particularly when VWFS had tried to collect the direct debit on two separate occasions. And as I don't think VWFS's actions contributed to this payment being missed by Mr F, I next have to consider whether VWFS acted reasonably when it reported the adverse information to the credit reference agencies.

VWFS is obliged to report accurate and fair information to the credit reference agencies as to how a consumer manages a credit account. Here, there was a missed payment, but Mr F disagrees that reporting this was fair because of the poor communication and contact by VWFS.

As set out above, I've seen that VWFS tried twice to take the direct debit and that there was a gap of some days between those two attempts. I've seen that VWFS then wrote to Mr F about the missing payment. The first letter was sent before the second attempt was made to take the direct debit. Mr F says he didn't get this letter and I have no reason to disbelieve him, but as it was correctly addressed, I think any failure as to its delivery wasn't the fault of VWFS.

VWFS then sent out a second letter a week later which Mr F says he received. It also sent Mr F an email a few days later. I think sending the letters and email, as VWFS did, is reasonable and it is in keeping with VWFS's process in respect of missed or late payments. I don't think I can reasonably say that it should have done more and that it was unfair that it did not also contact Mr F by phone.

As set out above, I think the agent was clear as to the status of Mr F's account as the letter and email had also been. It was Mr F who said to the agent that he was disputing the account was in arrears so I think it was reasonable that the agent didn't query with him when payment would be made. I appreciate Mr F says if he had realised the payment hadn't been made, he would have paid it sooner, but I think VWFS had informed him that the July payment was missing. Under the agreement making the payments on time was Mr F's responsibility. I don't think VWFS misled Mr F or gave him confusing information about July's payment. The confusion appears to have arisen from Mr F's banking app.

So, on the evidence that's been provided, I'm satisfied that the direct debit failed on two occasions resulting in the July payment being missed. And I also think that the letter, email

and phone call with VWFS had all been clear that the July payment hadn't been made. I think it's fair to say that during July Mr F should have known the due payment for that month had been missed.

I've seen that this missed payment wasn't then paid until August which Mr F says was because of his being told there would be a hold. But at the time the agent had said this, the payment was already two weeks late and I also don't think VWFS had contributed to Mr F's uncertainty as to whether the payment had or hadn't been made. I therefore don't think that VWFS acted unfairly when it reported the adverse information about the account to the credit reference agencies.

For the reasons set out above I'm not upholding Mr F's complaint and I'm not going to ask VWFS to take any action in respect of his account with it.

My final decision

As set out above, I'm not upholding Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 9 January 2025.

Jocelyn Griffith

Ombudsman