

## **The complaint**

Mr J complains Oodle Financial Services Limited trading as Oodle Car Finance (Oodle) unfairly terminated his car finance agreement.

## **What happened**

In March 2022, Mr J entered into a 60 month hire purchase agreement with Oodle to purchase a used car. He was required to make monthly instalments of £550.

Around November 2022, Mr J advised Oodle that he had recently suffered a serious accident meaning his ability to work was impacted. He said although he had recently returned to work (on reduced hours), this was causing him financial difficulties. Having asked about his circumstances, Oodle determined Mr J had no disposable income so it wasn't possible to set up an affordable payment plan. He was advised on his options to end the agreement early.

By January 2023, the account was around three months in arrears (£1,500). Following discussions with Mr J and an income and expenditure review, Oodle agreed to set up a three month payment plan whereby it was agreed he was required to pay £125 in addition to the monthly instalments. However this arrangement wasn't followed by Mr J and he was advised of the same in May 2023.

Mr J explained he thought the payments subject to the payment plan would've been automatically taken from his account but Oodle said it needed to be made manually. Around this time, Mr J said he was still struggling financially and he continued to suffer with ongoing medical issues. However in February 2023, he resumed making the monthly instalments.

In June 2023 and as requested by Mr J, Oodle agreed to a further payment plan to clear the arrears of £1,500. Mr J was required to pay an additional £50 per week on top of the contractual instalments. That arrangement was due to last until the end of July 2023. However he didn't follow the payment plan. Oodle further reminded him about the options to end the agreement and what would happen should the arrears not be cleared in a reasonable period of time.

In January 2024, Mr J asked for a further payment plan, saying he wanted to pay £100 per week to clear the arrears, Oodle determined this to be affordable and agreed to a three month payment plan. However this arrangement wasn't followed by Mr J.

In February 2024, Oodle sent a default notice which outlined Mr J needed to pay the arrears of £2,400 by 26 February 2024 otherwise the agreement may be terminated. Mr J further reiterated his ongoing medical and personal circumstances. Oodle sent him correspondence outlining his options to end the agreement early such as voluntary termination, voluntary surrender, part exchange, private sale, etc. However the default notice wasn't satisfied.

In the following months, there were numerous calls and emails between both parties. Mr J requested another payment plan but in order to ensure what he proposed was affordable,

Oodle said they needed to do another income and expenditure review. However they said this information wasn't provided by Mr J.

In June 2024, Oodle terminated the finance agreement. Mr J complained and stressed that Oodle hadn't provided support and refused to agree to payment plans that he had proposed. He said he hadn't received the default notice and he needed the car for work and personal reasons. He said he was willing to pay the arrears.

Oodle said given the history on the account and their numerous attempts to contact and assist Mr J which weren't successful, they hadn't done anything wrong by terminating the agreement.

Unhappy with their response, the complaint was referred to our service. Mr J also complained that Oodle had instructed a third party to attend his home and work address to repossess the car. He argued as he had paid more than a third of the agreement, and he wasn't willing to voluntarily surrender the car, Oodle needed a court order to take it back. Therefore he said the visits by the third party weren't warranted and amounted to harassment.

The investigator recommended the complaint wasn't upheld. She concluded Oodle had fairly terminated the agreement due to the arrears. She also said once Mr J had made it clear he wasn't willing to give the car back on a voluntary basis, Oodle had informed the third party and no further action had been taken while the complaint has been at our service.

As an agreement couldn't be reached, the complaint has been referred 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.

Having done so, I've decided not to uphold Mr J's complaint. I'll explain why.

As a starting point, I've referred to the terms of the agreement. In summary it says the contractual payments must be met otherwise the agreement may be ended and the car repossessed. Any payments not met will be reported to credit reference agencies. It also goes on to say if Oodle decides to end the agreement but a third of the total amount payable has been met, they would require a court order to repossess the car.

In this case, it's clear for a considerable number of months, Mr J experienced financial difficulty. I'm very sorry to hear about his accident and the impact it had on his daily life including his health, family, finances and ability to work. I appreciate this would've been a difficult and worrying time for him.

In instances where a consumer is experiencing financial difficulties, I would expect the financial business (Oodle) to show forbearance and due consideration. This is an obligation as stated by the financial regulator.

There isn't a prescriptive list of what financial businesses should do to assist consumers who are experiencing financial difficulty, as it would largely depend on the circumstances of the individual. However examples may include setting up an affordable payment plan, agreeing to a payment holiday, freezing the interest, accepting reduced payments, deferring payments until the end of the agreement, etc.

However before doing so and to ensure the most appropriate and suitable support is provided, I would expect the financial business to get a clear understanding of the

consumer's circumstances. In this case, I'm satisfied that's happened. On more than one occasion, Mr J has outlined his medical and financial circumstances. In response, Oodle has carried out a review of his incoming and outgoing expenditure. I consider that a fair course of action to make sure Mr J's offer of a payment plan was affordable to him.

Based on Oodle's contact notes throughout 2023, I can see following the above reviews, payment plans were set up which were determined to be affordable for Mr J. However despite this, the account statements show Mr J didn't follow the plans. I'm aware he says he thought the payments would be automatically taken but I'm not convinced by this. As he resumed making the monthly contractual payments, he would've seen the additional amounts required for the payment plan hadn't been paid. It was his responsibility to make sure it was paid manually. The only additional payment I can see Mr J paid over and above the contractual payments was £100 in January 2024.

Based on the evidence presented to me, I can see there's been a large number of emails, calls, arrears notifications, etc between Mr J and Oodle. So it was clear both parties were trying to find a suitable solution to bring the account up to date but attempts were unsuccessful. I'm also satisfied that throughout this situation, Oodle has continually stressed to Mr J that should the arrears not be cleared, it will be reported to the credit reference agencies and the agreement may be terminated. So it was very clear that Mr J needed to take action.

Despite the attempted efforts, the account remained in arrears for a significant amount of time (over a year). Additionally, based on what Mr J said about his medical circumstances it was clear the situation would be a long term issue that would impact his ongoing ability to return to work on a full term basis. In regard to his financial circumstances, based on the information he provided, it wasn't improving and some of his other priority bills weren't being met. It was evident Mr J wasn't in the position to bring the account up to date within a reasonable period of time and he couldn't afford to pay the arrears. So rather than let them accumulate, I can understand why Oodle decided to take further action.

The Information Commissioner's Office (ICO) provides guidelines about defaults and when it should be implemented. So I've taken this into account when looking at this complaint. It says if an account is at least three months in arrears, a default may be registered and it would expect one to be registered by the time the account is six months behind.

Here, Oodle issued a default notice in February 2024 when the account was approximately four months in arrears (around £2,400). So I can understand why it was sent. I note Mr J's comments that he didn't receive it but given it was correctly addressed and it appears he received all other written correspondence, I believe it's more likely than not, it was sent by Oodle and received by Mr J.

I've been provided with a copy of the default notice and I can see it sets out the breach of the terms (missed payments), it states the amount to be paid and the deadline to do so. It also makes it clear if the default notice wasn't satisfied, the agreement would be terminated. So I can't say Mr J wasn't aware that he needed to take immediate action.

However I can't see the default notice was satisfied by the deadline set. Rather than move to immediate termination, Oodle further outlined the early exit options and the financial liability of each option. I find the information provided was clear for Mr J to consider how he wanted to proceed. Based on the call notes, Mr J said he wanted to seek legal advice about the same and I'm satisfied he was given sufficient time to do so. Despite this, there's no evidence Mr J contacted Oodle to confirm he wanted to end the agreement early by one of those options.

I've seen the correspondence Mr J sent to Oodle in April 2024 stating he needed financial support. He asked for a payment plan of £50 per week. Similar to before, Oodle said he needed to provide information about his financial circumstances before they could agree to the same. Although Mr J replied to say the payments he'd proposed would be affordable, he didn't answer the direct questions Oodle had posed such as was he up to date with his priority bills, where would he be getting the money to pay for the payment plan, etc. They also asked him again to complete an income and expenditure review. Given how long it had been since Mr J had done one previously and the fact his circumstances may have changed, I find it was reasonable for Oodle to ask for this again. Although Mr J says he completed the income and expenditure review, there's no evidence he did, whether by email or phone.

Despite this, Oodle agreed to a further payment plan at the start of June 2024 whereby it was agreed he would pay £50 per week in addition to the contractual instalments. However this plan wasn't followed by Mr J meaning that by mid-June 2024, Oodle made the decision to terminate the agreement. I note this was around four months after the default notice was initially sent in February 2024 meaning Mr J had longer than expected to clear the arrears. By the time of termination, the agreement was at least four months in arrears.

Given the payment history on the account, the broken payment plans, insufficient evidence the account could be brought back up to date in a reasonable period of time and the fact the default notice wasn't satisfied, I find Oodle acted fairly in terminating the agreement. Overall I find Oodle demonstrated several examples of forbearance and due consideration towards Mr J. Therefore I won't be saying Oodle needs to reinstate the agreement.

I must emphasise as the agreement has been terminated, Oodle aren't obliged to consider any further payment plans as proposed by Mr J, nor are they required to allow him to keep the car. So I can't say they've done anything wrong by declining his requests for the same.

I've carefully considered Mr J's comments following the investigator's opinion. Having done so, I find his arguments largely concerns what happened after the agreement ended. But I must make it clear that when reviewing this complaint, I've considered what happened leading up to the termination and whether Oodle has treated him fairly. For the reasons explained above, I believe they have.

### *Other*

Although not subject to the initial complaint to Oodle, when referring this complaint to our service, Mr J has also complained about the actions of the third party who attended his address to take back the car.

I can understand why this situation caused him distress especially as he wasn't willing to return the car on a voluntary basis. However as soon as his stance had been made clear to Oodle, the instruction to the third party was cancelled. From my understanding, since then no further action has been taken while the complaint has been at our service. In the circumstances, I find that to be fair. That said, I must make it clear to Mr J, this final decision marks the end of our service's involvement in this complaint so it's likely Oodle will look to take further action in relation to the termination and to take back possession of the car in line with the agreement terms.

### *Summary*

I appreciate Mr J will be disappointed by my findings but taking everything into consideration, I find Oodle acted fairly and in line with the terms when they decided to terminate the agreement. So I won't be asking them to do anything to resolve this complaint.

**My final decision**

For the reasons set out above, I've decided not to uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 February 2025.

Simona Reese  
**Ombudsman**