

The complaint

Mrs H complains about the way that Marsh Finance Limited has dealt with the arrears that were due from her for a hire purchase agreement under which a car had been supplied to her.

What happened

A used car was supplied to Mrs H under a hire purchase agreement with Marsh Finance that she electronically signed in August 2022. The price of the car was £15,979, the hire purchase agreement shows that an advance payment of £1,515 was made and Mrs H agreed to make 58 monthly payments of £350.02 and a final payment of £360.02 to Marsh Finance. Mrs H didn't make all of those payments and her account went into arrears. A payment arrangement was agreed but Mrs H complained to Marsh Finance in July 2024 that her account was still showing as in arrears.

Marsh Finance says that its collections department spoke with Mrs H in July 2023 and advised her that her account was £175.02 in arrears and an increased payment arrangement of £437.53 was agreed for August and September 2023 to clear the arrears, but the correct amount of the arrears was £525.04 and not £175.02. It apologised for any inconvenience caused and offered to pay £25 compensation to Mrs H.

Mrs H wasn't satisfied with its response and complained to this service. Her complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Marsh Finance had acted fairly. She didn't feel that the compensation offered by Marsh Finance was enough. She said that a total compensation payment of £300 was a fairer amount to reflect the trouble and upset caused, but she later reduced that amount to £200. She recommended a compensation payment of £200, the arrears being backdated to the date the incorrect information was given once cleared (as already agreed) and a refund of interest on the arrears element of the balance from the date of the incorrect information and the date of notification of the error.

Marsh Finance didn't accept the investigator's recommendation and has asked for this complaint to be referred to an ombudsman. It says Mrs H hasn't supplied any evidence to confirm that she has been caused financial detriment due to its error and the arrears balance hasn't been affected by the mis-information provided.

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.

Mrs H's account was in arrears in July 2023 and Marsh Finance accepts that it incorrectly advised her that the amount of the arrears was £175.02. Increased payments of £437.53 were agreed for August and September 2023 to clear the arrears. After those payments the account was still £350.02 in arrears and Mrs H contacted Marsh Finance about the arrears in

July 2024.

Mrs H has described the distress and inconvenience that she's experienced as a result of the incorrect information that she was given and I agree with the investigator that total compensation of £200 would be fair and reasonable in these circumstances. I don't consider that a higher award of compensation is justified. That is compensation for the distress and inconvenience that Mrs H has been caused and isn't compensation for financial detriment. If Marsh Finance has paid to Mrs H the £25 compensation that it offered her, that amount should be deducted from the payment to be made to her.

Marsh Finance said in its final response to Mrs H that it would be happy to remove any missed payment markers from Mrs H's credit file from when the error was made in July 2023 once the arrears are cleared. I consider that it would be fair and reasonable for that to happen.

The investigator recommended that Marsh Finance should also refund the interest on the arrears element of the balance from the date of the incorrect information to the date of notification of the error. I consider that it would also be fair and reasonable for it to refund that interest to Mrs H's account.

Putting things right

I find that it would be fair and reasonable in these circumstances for Marsh Finance to take the actions described above and as set out below.

My final decision

My decision is that I uphold Mrs H's complaint and I order Marsh Finance Limited to:

1. Pay £200 to Mrs H to compensate her for the distress and inconvenience that she'd been caused as a result of the incorrect information that she was given (but if Marsh Finance has paid to Mrs H the £25 compensation that it offered her, that amount should be deducted from this payment).
2. Remove from Mrs H's credit file any missed payment markers that it's reported to the credit reference agencies about the hire purchase agreement from when the error was made in July 2023 once the arrears are cleared.
3. Refund to Mrs H's account the interest that it has charged on the amount of the arrears from when the error was made in July 2023 until Mrs H was notified of the error in August 2024.

HM Revenue & Customs requires Marsh Finance to deduct tax from the interest refund referred to at 3 above. Marsh Finance must give Mrs H a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 11 July 2025.

Jarrold Hastings
Ombudsman