

The complaint

Mr T complains that Oodle Financial Services Limited unfairly terminated a hire purchase agreement under which a van was supplied to him.

What happened

In June 2022, Mr T was supplied with a used van through a hire purchase agreement with Oodle. The agreement was taken in Mr T's sole name. The cash price of the van was £15,995. Mr T made an advance payment of £2,500, and the remaining balance was to be paid over a period of 60 months. The first payment was £404.69, and was to be followed by 58 payments of £354.69 – with a final payment of £404.69.

Mr T made the required payments under the agreement until February 2024. In March 2024, he contacted Oodle to explain that he was unable to work because of difficulties with his mental health. He said he wouldn't be able to make the agreed payments until he was back at work, but that he didn't expect to be off work for more than a month. Oodle agreed a payment break of one month – and said the next payment would be due in May 2024.

No payment was received in May. Mr T got back in touch and said he was still unable to work – but he intended to make the next payment with help from family. After the payment due in June was missed, Oodle issued a default notice on 17 July 2024. It said Mr T needed to repay the arrears of £1,418.76 by 4 August 2024, and that if the payment wasn't made Oodle may terminate the agreement and repossess the van.

Mr T got back in touch on 24 July 2024. He said he was taking on more work, and wanted to resume making payments. After Mr T provided details of his income and expenditure, Oodle agreed to accept payments of £404.69 for the next three months – with the first payment to be taken on 10 August 2024.

The next payment was missed, and Oodle attempted to contact Mr T without success. Because Mr T hadn't made the agreed payment, Oodle said it was terminating the agreement and would arrange to repossess the van. Mr T made a complaint, and said he was under the impression the payment wasn't due until September 2024. He said Oodle hadn't made it clear that the payment needed to be made in August. He said he hadn't answered the phone when Oodle called because he wasn't well enough to speak that day. Oodle didn't agree it had made an error – but said that because Mr T was back at work it could consider a further repayment arrangement.

Mr T offered to pay under the same terms that had been previously agreed – but Oodle didn't think doing so would be affordable or sustainable for him. Mr T raised a further complaint – as he didn't think it was fair for a payment arrangement that had been previously agreed to be deemed unaffordable so soon after. Oodle said it should have been clearer that a further repayment arrangement wasn't guaranteed to be accepted – and paid him £50 to recognise the impact this had on him.

The complaint was referred to the Financial Ombudsman Service (Financial Ombudsman). One of our Investigators looked into the complaint, and didn't think Oodle had acted unfairly

by terminating the agreement or declining the payment arrangement offer. Mr T disagreed. He said it wouldn't be fair for Oodle to repossess the van, as he relied on it for work. He said losing the van would cause him significant financial hardship and make his mental health problems worse. He asked for the complaint to be referred to an Ombudsman for a final decision. So, 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.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. My decision will focus on what I consider to be the key points of the complaint. Where evidence has been incomplete or contradictory, I've reached my decision on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr T was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we can investigate complaints about it.

I'd first like to express my sympathy for Mr T. It's clear he's gone through a significantly difficult time, and I can understand why the prospect of his van being repossessed is distressing for him. I've considered whether Oodle has treated him fairly taking all the circumstances into account.

Under the terms of the agreement, Oodle is entitled to terminate it and repossess the van if payments aren't made on time. I've considered whether Oodle's decision to terminate the agreement was fair and reasonable in the circumstances of this complaint.

When a lender is made aware that a customer is in financial difficulties – or otherwise unable to pay due to a change in circumstances – it ought to take positive steps to treat them fairly by providing appropriate support, forbearance and due consideration. This can involve considering a range of possible options – and lenders should pay due regard to the best interests of their customer when doing so. There aren't any specific steps a lender is required to take, as what is most appropriate will depend on the individual circumstances of the customer.

I've considered whether Oodle did enough to ensure it was treating Mr T fairly when he made it aware of his circumstances. It initially agreed a payment break of one month on the basis that Mr T expected to be back at work soon. After this passed, Oodle reached out to discuss the possibility of a payment arrangement – but Mr T said he intended to pay with help from family. When Mr T missed payments Oodle made several attempts to get in touch with him, and signposted him to organisations that could help. When Mr T submitted his income and expenditure details, Oodle went through them over the phone with him to ensure they were accurate and that any plan would be affordable for him. Overall, I think these were reasonable steps for Oodle to take in the circumstances. So, I'm satisfied Oodle provided appropriate forbearance and due consideration to Mr T after it was made aware of his circumstances.

Mr T says he was told the first payment under the plan was due in September – and that Oodle's error caused him to miss the payment. I've listened to the call of 2 August 2024. After agreeing the plan, Mr T asked if it would start that month. Oodle's agent said it would –

and that the payments would be taken in August, September and October. An email was sent after the call outlining the amount Mr T would pay each month under the plan, as well as the dates those payments would fall due. So, I'm satisfied Oodle made it clear enough to Mr T when the payment would be due.

After the payment was missed, Oodle says it tried to reach Mr T by phone and SMS message. Mr T doesn't dispute this, but says he wasn't well enough to speak to Oodle when it contacted him. I understand it might have been difficult for Mr T to respond to Oodle. But given that he'd missed the first payment due under the plan – and Oodle had been unable to reach him to find out why – I don't find it unreasonable that it decided to terminate the agreement. By that stage, Mr T hadn't made any payments under the agreement in more than six months, and the arrears had reached £1,773.45. Oodle had also issued statutory correspondence outlining the potential consequences of the arrears not being repaid.

Oodle told Mr T it would consider a further arrangement after the agreement had been terminated. Mr T suggested an arrangement on the same terms as the previously agreed plan. I can understand why Mr T was disappointed that Oodle didn't accept the same payments that it had previously agreed. But the previous plan was agreed on a short-term basis for three months to help reduce the arrears and get things back on track while the agreement was still active.

As the agreement had been terminated – and as Mr T had previously missed agreed payments at several points – I don't find it unreasonable that Oodle would want to reconsider whether the arrangement Mr T proposed would be affordable or sustainable for him in the long term. It declined the offer – as it didn't feel Mr T had sufficient disposable income for it to be sustainable. The income and expenditure details Mr T provided showed a disposable income of £52.56 if he continued paying the contractual amount due. Oodle thought the outgoings Mr T had given were low, and didn't take into account potential cost of living increases. In the circumstances, I don't think it was unreasonable for Oodle to decline this offer – as it needed to ensure that any arrangement didn't put Mr T in a worse financial position.

Oodle accepted that it could have been clearer with Mr T that there was no guarantee an arrangement offer would be accepted, and paid £50 to recognise this. I can see how Mr T's hopes would have been raised by Oodle's communication with him – and I understand it would have come as a disappointment to discover that his offer was declined. I think Oodle's offer of £50 is a fair reflection of the impact this caused in the circumstances.

I appreciate this will come as a significant disappointment to Mr T. But, for the reasons I've explained, I don't think Oodle needs to reinstate his agreement or take any further action to resolve this complaint. As the agreement has been terminated, Oodle says it now intends to start the process of repossessing the van. If it does so, I'd suggest Oodle work with Mr T to find an affordable payment arrangement for any remaining balance owed – taking due consideration of his circumstances when doing so.

Oodle should also remember that if Mr T paid over a third of the amount payable under the finance agreement, unless he hands the van back voluntarily it would need a court order to repossess the van.

My final decision

For the reasons I've explained, my final decision is that I don't uphold Mr T's complaint about Oodle Financial Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or

reject my decision before 30 May 2025.

Stephen Billings
Ombudsman