

## The complaint

Mr C has complained about the way Clydesdale Financial Services Limited trading as Barclays Partner Finance (“BPF”) administered a fixed sum loan agreement he’d taken out to buy a solar panel system.

## What happened

The circumstances of the complaint are well known to the parties, so I won’t go over everything again in detail. But to summarise, in April 2014 Mr C entered into a fixed sum loan agreement with BPF to pay for a £8,000 solar panel system (“the system”). The agreement was due to be paid back with 120 payments of around £100. Mr C also paid a £100 deposit. The total amount repayable was around £12,500.

I understand Mr C’s circumstances changed shortly after entering into the agreement and he asked to reduce his payments to BPF. I can see in late 2016 his payments reduced to £10 and in 2017 to £15 per month.

In July 2018 BPF sent a default notice to Mr C and, from what I’ve seen, it recorded a default on 1 September 2018.

In 2020 BPF wrote to Mr C and included a statement. Mr C said he noticed the outstanding balance of around £6,500 was shown as ‘Policy Write Off’ and that the balance on the statement subsequently went to zero. He stopped making repayments and said he was surprised to see the debt was still present when he checked his credit file in late 2023, so he complained to BPF.

BPF responded to the complaint in February 2024 and said it had not stopped holding Mr C liable for the outstanding balance. The ‘Policy Write Off’ related to an internal adjustment. It said Mr C still owed it around £6,500. It said it had adjusted the agreement internally because Mr C’s debt management company wasn’t making regular payments. However, it agreed the statement it sent in 2020 may have been confusing and that it had failed to pursue the balance after the repayment plan was broken. So it offered £50.

Mr C decided to refer his complaint to our service. BPF agreed to remove the default and increase the compensation to £100. Our investigator thought this was fair. Meanwhile, BPF also wrote to Mr C to say it had investigated a mis-selling complaint about the system which it originally wrote to Mr C about in 2021. It agreed the system hadn’t delivered the financial benefits that were represented to Mr C. It said it proposed to make the system self-funding so that the financial benefits received from the system over 10 years equal the loan repayments due. It calculated this as:

Total payments made	£2,984.18
Total estimated benefits received	£7,206.81
Redress sum	- £4,222.63

Mr C highlighted he no longer lived at the address the system was installed at and that he’d signed over the property to his ex-partner but not the loan because he thought it had been

cleared. So I think he's indicating he's not benefitting from the system and it's not fair he's responsible for the full debt.

I issued a provisional decision that said:

*I want to acknowledge that whilst I've summarised the events of the complaint, I've reviewed everything on file. If I don't comment on something, it's not because I haven't thought about it. I'm focussing on what I consider are the key issues.*

*Mr C paid for the system using a fixed sum loan agreement. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to these sorts of agreements.*

*Things have moved on since Mr C raised his initial complaint. I'm issuing a provisional decision as I think it makes sense to deal with what has happened up to the point BPF made its more recent findings with regards to the mis-sale of the system. If either party has any objections to that they can let me know in response to this provisional decision.*

#### Arrears and default

*As mentioned above, Mr C was making regular, albeit reduced, payments to the agreement prior to the default. The payments were significantly less than the contractual payments, which is often a sign the relationship has defaulted. But it looks like the default notice did come slightly out of the blue given those payments were being made, and it looks as though the arrangement had been accepted by BPF.*

*BPF agreed to remove the default, so I no longer need to direct it to do that. Given the agreement was already in arrears and in an arrangement to pay I think adverse information would have been recorded on Mr C's credit file, even without the default. I suspect the default had a greater negative impact than simply having an arrangement to pay. Although I note another default was recorded on Mr C's credit file around that time as well.*

*Overall, arrangements to pay aren't always accepted by lenders as a long-term solution where there are financial difficulties. Arguably Mr C's relationship with BPF could have fairly been defaulted. So the recording of it wasn't completely unreasonable. But BPF has said there was a technical issue with the default notice being issued and it therefore agreed to remove the default. It would have dropped off now naturally in any event, so I don't think I need to direct it to take any further action in relation to the recording on Mr C's credit file. Moreover, I think it would be difficult for Mr C to show that having two defaults on his credit file rather than one default and a payment arrangement led to a financial loss that BPF needs to repay him.*

#### Write-off

*Mr C said he stopped making payment towards the agreement because he thought the debt had been cleared by BPF. BPF said it didn't tell Mr C the debt didn't need to be repaid. It's implied he's assumed it rather than being explicitly told. I can see where there may have been some confusion because the statement from 2020 mentioned 'Policy Write Off'. And I think matters were made worse because BPF didn't follow up with Mr C as it should have when he stopped making payment. But I do have to bear in mind that money was fairly owed under the agreement. And the agreement was taken out solely in Mr C's name, so he is the one fairly being asked to pay it back.*

*I think BPF accepts it could have been clearer in its communication when sending the statement mentioning 'Policy Write Off'. But I note it wrote to Mr C in 2021 about the*

*potential mis-sale of the system, so he could have queried things at this point because it's reasonable to assume he wouldn't have been sent a mis-selling questionnaire if BPF had stopped holding him liable for the debt.*

*Overall, BPF has acknowledged it failed to follow up with Mr C when he stopped making payment. I agree it should have been more pro-active at that stage. But I don't think this in itself means BPF needs to stop pursuing Mr C for the debt because that would seem disproportionate.*

### Mis-sale

*BPF has accepted the system may have been mis-sold. And it agreed to recalculate the agreement to make it self-funding over the 10-year term. This likely would have broadly been the outcome had Mr C had an upheld complaint about the alleged mis-sale of the system through the Financial Ombudsman. So I don't think I need to go over that in detail as part of this provisional decision. I appreciate Mr C is no longer at the address with the system installed, but I don't think there are grounds to say that BPF's offer should be different because of that. BPF's offer seems broadly fair in the circumstances and is in line with what would be expected even if the customer no longer resides at the property with the system installed.*

*BPF will need to let Mr C know if it is looking to pursue him for the £4,222.63. It would be helpful if it let us know in response to this provisional decision what it is intending to do with that sum.*

### Summary

*Given what I've said above, I've not seen sufficient evidence the BPF default caused Mr C a loss. And I don't think I can fairly say BPF needs to stop pursuing the debt because of the confusing way it described its internal movement of his account.*

*However, I agree BPF should have been more proactive in contacting Mr C when he stopped making payment given it tells us money was still owed under the agreement. I've thought about the impact of that. On the one hand, there was no day to day impact on Mr C because he wasn't being chased for payment. But on the other hand, the impact has meant payments haven't been made for a long time and, depending on what BPF decides to do with the outstanding sum I've mentioned above, Mr C could have been in a better position had he been in contact with BPF. And he may simply have continued making the £5 monthly payments he'd been making up to the point BPF sent him the 2020 statement I've mentioned.*

*There's no perfect solution here. But I agree the £100 compensation goes some way to resolving things in relation to the way BPF handled the response to Mr C's complaint about the administration of his agreement. If BPF is not going to pursue Mr C for the £4,222.63 I don't think it needs to take any further action because this would be a significant sum for it to stop pursuing Mr C for. But if BPF is going to pursue Mr C for that sum I think it should reduce it by £300. Had Mr C continued with his £5 monthly payments for the last few years, this is around the extra amount he'd have paid towards the debt. Bearing in mind I need to resolve the complaint quickly and with minimum formality, it seems like broadly a fair way to resolve things. I think it's a reasonable compromise in the very particular circumstances of the complaint and puts Mr C in a relatively fair position for the way things were handled by BPF.*

*BPF responded to say there was a misunderstanding with regards to what was owed. It also said if Mr C wanted our service to consider a complaint about the mis-sold solar panels it*

would need to be carried out separately. In essence, it thought our service could only deal with the original complaint, and not a complaint about the more recent final response letter.

I decided to send a side letter to the parties. To summarise:

- I let Mr C know BPF didn't agree for our service to combine the complaints.
- I let Mr C know what BPF had said about the sums owed under the original agreement and explained a bit more about what the more recent final response meant for him.
- I noted the main thrust of the original complaint was in relation to the misleading information with regards to the loan being written off and the default. I said he couldn't have complained about the more recent final response outcome because it happened after the original complaint had been referred.
- I broadly agreed the mis-sale complaint wasn't originally part of the first complaint.
- In the circumstances, seeing as though the mis-sale complaint could be considered separately, I didn't think it would cause Mr C any significant detriment for the complaints to be split.
- I said for the original complaint I was still intending to say the £100 compensation was broadly fair, but only in relation to the complaint about the way BPF dealt with the mis-leading information complaint and the information on Mr C's credit file.
- I wasn't intending to make any other directions because I didn't think it was clear what was going to happen to the pursuit of the balance.
- I said if Mr C wished to complain about anything referred to in the more recent final response letter (or any future events) this could be done separately.

BPF had nothing further to add. Mr C said he was still unhappy BPF sent the letter in 2020 which led him to believe the loan had been written off. He said BPF made no attempt to recover the loan. He said he would have continued to make payment. He highlighted he signed over ownership of the system in November 2023 believing the loan was written off. He didn't think the compensation was acceptable and he highlighted he'd lost out by paying higher interest rates on vehicle loans. He said the matter had caused distress over the years. And he also asked our service to consider the mis-sale complaint.

Having considered things further I wrote back to BPF to explain that on reflection I thought it was fair to keep in the direction for BPF to reduce the balance by £300 if it does seek to pursue Mr C for it. While I agreed not to consider the system mis-sale complaint I didn't think I could strip out the findings relating to the £300 deduction because those findings relate to the impact of the 'write off' letter and BPF's failure to contact Mr C about the debt.

We also let Mr C know about my intention to direct BPF to reduce the debt by £300 if it were to pursue him for it, and asked if he had any evidence of the financial losses he says he incurred.

BPF responded to say it had nothing further to add. Mr C responded and attached copies of car finance agreements he said showed he paid a higher rate due to the default on his credit file. He said since the default was removed he'd been able to secure a new rate saving him around £70 per month.

### **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.

I'd like to thank the parties for the responses.

I've agreed that I can see how there could have been some confusion off the back of BPF's 2020 correspondence. But I also have to bear in mind that Mr C said he thought he didn't owe anything following on from that, and he wasn't making payment. It was only when he raised the complaint in 2023 that he realised there may have been a problem. So I don't think the 2020 letter in itself could have caused him ongoing distress up to the point he complained.

I've not been given sufficient evidence adverse information and/or the default recorded by BPF led to a financial loss that BPF needs to reimburse Mr C for. I explained in my provisional decision that it would be difficult for Mr C to show that having two defaults on his credit file rather than one default and a payment arrangement led to a financial loss. While it's good to hear Mr C has been able to source a lower rate since the default has been removed, he's not done enough to show that he lost out prior to that solely because of the way BPF reported.

The default has now dropped off, so I don't need to direct BPF to remove it. And while BPF may not be actively pursuing repayment, money is still owed to it under the agreement. And the agreement would be owed whether or not Mr C still lives at the property. Moreover, even if Mr C had carried on paying the £5 monthly repayments, the overall balance wouldn't be significantly different in the grand scheme of things compared to what it was in 2020.

Therefore, with regards to the credit file reporting, and the impact of the potentially confusing information on the letter, I think the £100 compensation is broadly fair. I've not seen enough to show that BPF needs to cover any financial losses that were as a result of something it did wrong. I appreciate Mr C doesn't think the compensation goes far enough and it's not clear if BPF will pursue him for the outstanding balance. But, for the reasons given in my provisional decision, if it decides to, it should reduce the balance by £300. I think BPF should have contacted Mr C about the debt sooner. And by reducing the amount by £300, it puts Mr C broadly in the position he'd have been in had he continued with his payments up to the point he realised there may have been a misunderstanding. Given the amounts involved, and the overall impact on Mr C, I think this is broadly a fair compromise in the specific circumstances of the complaint.

As far as the mis-sale complaint, one of our investigators will set up the complaint for Mr C. I'm not going to comment further on the merits of that within this decision. It'll be considered separately.

### **My final decision**

My final decision is that I uphold this complaint and direct Clydesdale Financial Services Limited trading as Barclays Partner Finance to:

- Pay Mr C £100 to the extent not done so already.
- Reduce the outstanding balance by £300 if it decides to seek to pursue Mr C for the debt.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 March 2025.

Simon Wingfield  
**Ombudsman**