

The complaint

Mr M complains that Oodle Financial Services Limited recorded negative markers on his credit file when he voluntarily surrendered his car.

What happened

In November 2022 Mr M was supplied with a car and entered into a hire purchase agreement with Oodle.

In February 2024 Mr M contacted Oodle to discuss ending the agreement. Mr M explained that he'd got a company car and no longer needed his current car.

Oodle discussed the available options with Mr M for ending the agreement early. The options included voluntary termination, voluntary surrender, selling the car privately, part exchanging the car or settling the agreement early.

Mr M opted to voluntarily surrender the car. Oodle completed the voluntary surrender and marked the agreement as having defaulted. Mr M agreed a payment plan with Oodle to repay the balance under the agreement.

Mr M then discovered that Oodle was reporting adverse information on his credit file on a monthly basis as a result of the outstanding balance due under the agreement. He complained to Oodle and said that whilst he was aware that a default would be reported he wasn't aware that adverse information would be reported on a monthly basis.

In its final response Oodle said it accepted that it hadn't made Mr M fully aware of the voluntary surrender consequences but said the negative markers had been correctly reported. Oodle offered Mr M compensation of £200.

Mr M remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that whilst he agreed that Oodle could've provided Mr M with more information about the outstanding balance and that this would be reported, he didn't think Mr M would've made a different decision even if this had been made clearer. The investigator said the compensation offered by Oodle was fair and reasonable.

Mr M didn't agree. He said he didn't think the continuous reporting of adverse information on his credit file was fair.

Because Mr M didn't agree I've been asked to review the complaint.

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 know it will disappoint Mr M, but I agree with the investigator's opinion. I'll explain why.

It's not in dispute that Mr M contacted Oodle for advice about ending the agreement early. I've reviewed the contact notes provided by Oodle. These show that Mr M was given advice about the different ways in which he could end the agreement early and show that he opted for voluntary surrender.

Mr M says he was made aware that the voluntary surrender would result in a default being recorded on his credit file. But he says he wasn't made aware that a marker would be continuously reported each month until the balance was paid.

I've listened to the calls between Mr M and Oodle. I've also reviewed the correspondence that Oodle sent to Mr M. Having done so, I'm satisfied that Oodle explained to Mr M how the voluntary surrender process would work. Oodle advised Mr M that the voluntary surrender request would be reported to credit reference agencies as a default marker. The following sentence appears in the letter that Oodle sent to Mr M regarding voluntary surrender:

"Your Voluntary Surrender request will be reported to credit reference agencies as a default marker along with any outstanding liability until this balance is cleared."

Oodle also sent Mr M a letter after the vehicle had been sold. The letter confirmed the balance of £4,053.19 and invited Mr M to contact them if he wanted to agree a repayment plan. The following sentence appears in the letter:

"Whilst there is an outstanding balance on your account, this will be reported to credit reference agencies"

Having reviewed the correspondence I don't agree that Oodle failed to make Mr M aware that the voluntary surrender and outstanding balance would be reported on his credit file. But I think Oodle could've been clearer with Mr M and explained that the outstanding balance would be continuously reported on his credit file month on month until it was cleared.

That said, I don't think it would've made a difference in this case if Oodle has been clearer about the continuous reporting. Based on what I've seen, Mr M wanted to voluntarily surrender the car and he wasn't in a position to settle the balance due under the agreement immediately. In these circumstances, I don't think Mr M would've done things any differently even if he'd been made aware of the continuous reporting of the balance.

Mr M has expressed his concerns about the impact of the continuous reporting. It's fair to say that the continuous reporting of the outstanding balance on Mr M's credit file will have some impact on his credit score. However, the default (which Mr M accepts he was aware would be registered when he voluntarily surrendered) is the marker with more significant impact on Mr M's credit file. Even if the continuous reporting wasn't on Mr M's credit file, the impact of the default marker would still cause the difficulties Mr M has described in obtaining credit.

Taking all the available information into account, I'm unable to say that Oodle has made an error here or treated Mr M unfairly. Oodle – like all lenders – is obliged to report accurate information to the credit reference agencies, and in this case Oodle are reporting the current status of the account, which is that the account has an outstanding balance. I'm therefore unable to ask Oodle to remove the markers.

As I've said, I agree that Oodle could've been clearer with Mr M about the continuous reporting. In this respect, I'm satisfied that the offer of compensation of £200 is fair and reasonable.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 May 2025.

Emma Davy
Ombudsman