

The complaint

Ms L complains that CA AUTO FINANCE UK LTD (“CA”) entered into a Personal Contract Purchase agreement (PCP) with her without carrying out an affordability assessment.

What happened

In June 2023, CA supplied Ms L with a used car through a PCP agreement. The price of the vehicle was £12,664.85 and Ms L paid a £145.54 deposit. So, £12,519.41 was financed and the total charge for the credit came to £4,714.03. The total amount to pay for the vehicle was £17,378.98. This was to be repaid in 48 monthly instalments of £235.03 and should Ms L have wanted to keep the car and become the legal owner she would’ve been required to make a final balloon payment of £5,952 at the end of the agreement.

Ms L had some difficulties making her repayments following a change in personal circumstances in January and February 2024. This led to missed payments and CA then terminated the agreement in July 2024. CA then collected the vehicle.

In March 2024, Ms L complained saying that she should not have been provided with the finance agreement in the first place. CA issued a final response letter in May 2024 outlining why it wasn’t going to uphold the complaint. Unhappy with this response, Ms L then referred the complaint to the Financial Ombudsman.

In the latest assessment an investigator concluded CA ought to have carried out further checks before it entered into the agreement with Ms L because it ought to have checked her income as well as making enquiries into Ms L’s living costs.

As CA hadn’t carried out proportionate checks the investigator went onto consider what it may have seen had it conducted such checks. The bank statements used by the investigator to establish living costs and her income showed it was likely Ms L was spending more each month than she had coming in, so she upheld the complaint.

In order to put things right for Ms L the investigator recommended CA refund the deposit that was paid, and then refund the payments she made and then remove any negative information recorded on Ms L’s credit file about the agreement. The investigator also said that CA could deduct an amount to take account of the fact Ms L had use of the car.

Eventually, CA accepted the investigator’s findings and let us know that Ms L would receive a refund of just over £900 once simple interest and a mileage deduction was made. This offer was put to Ms L and she accepted it on 12 November 2024.

On 13 November 2024, CA informed the Financial Ombudsman that it had sent the refund to Ms L.

However, based on the screen shots provided by Ms L the negative information hasn’t yet been removed from her credit file. Ms L first let us know it was still being reported on 12 December 2024. What followed were a series of calls and emails between all parties to

the complaint in order to have the adverse information removed from Ms L's credit file – as was agreed as part of the settlement.

When no response was received from CA, the investigator reopened Ms L's complaint and directed CA to remove the adverse information – as it had already agreed to do and pay £150 for the distress and inconvenience caused.

CA didn't respond to the investigator's most recent email and so the complaint has been reopened and passed to me for a decision.

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'm sorry to hear about the change in Ms L's circumstances and what she's been through over the past year or so and that this whole situation has been stressful for her.

In terms of the complaint that I'm being asked to consider – whether CA ought to have realised the agreement was unaffordable for Ms L has in effect been resolved. Both parties agree the finance wasn't affordable for her and so shouldn't have been advanced.

Indeed, what I've seen, and Ms L hasn't disputed this, is that CA has agreed to make a financial payment and as far as I can tell this has been paid by CA. But what is outstanding is Ms L's credit file hasn't been corrected despite CA agreeing to remove the adverse information it hasn't yet done so.

As part of the investigator's assessment into the complaint, they concluded the agreement shouldn't have been entered into and that Ms L was due compensation. CA agreed with the assessment. However, there was a delay initially while it worked out the refund that was due. But there was no indication that CA wasn't agreeing to the other parts of the investigator's assessment – namely that it would remove the adverse information from Ms L's credit file.

Once the complaint was closed, CA had at least four weeks to arrange the settlement and it seems it made the financial payment fairly quickly. And with regards to the credit file there can be a delay in the credit file updating and this is due to the reporting cycles that various businesses have.

The evidence provided by Ms L shows that her credit file still hasn't been updated and in my view CA has had long enough to update her credit file, after all it's been over three months since CA provided the financial settlement figure which enabled the complaint to be closed.

CA also hasn't provided the investigator with any information about when Ms L could expect her credit file to be updated. After all it's accepted her complaint should be upheld and as part of putting things right for her it has already agreed to update her credit file.

Therefore, in the circumstances, of this complaint, CA should do what it has already said it would do – which is remove any adverse information it has reported about this agreement.

I would point out that even though I've upheld the complaint, the decision will still require CA to update Ms L's credit file. The Financial Ombudsman doesn't have the power to update Ms L's credit file on behalf of CA.

I'm also satisfied that Ms L has been caused distress and inconvenience, after all there is and was a reasonable expectation on her part that the adverse credit file information would

be updated – and the evidence she's provided shows that it is still being reported. As such, I agree with the investigator that a payment of £150 should be made to reflect this.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Ms L in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As I'm upholding the complaint, I'm asking CA to do the following – part this is the case, I'm satisfied that CA should put things right for Ms L by:

- removing any adverse information recorded on Ms L's credit file as a result of this agreement – which is something it has already agreed to do; and
- make a payment directly to Ms L of £150 to reflect the distress and inconvenience that has been caused by not implementing all of the agreed resolution.

My final decision

For the reasons I've outlined above, I am upholding Ms L's complaint.

CA AUTO FINANCE UK LTD should put things right for Ms L as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 28 March 2025.

Robert Walker
Ombudsman