

The complaint

Mr S complains that Tandem Motor Finance Limited (“Tandem”) failed to set up a payment arrangement for arrears relating to his hire purchase agreement which has negatively affected his credit file.

What happened

Mr S acquired a car financed through a hire purchase agreement he signed in April 2023 with Tandem.

In March 2024 Mr S missed a payment due to unexpected expenses. In May he called Tandem to agree a three-month repayment plan over June, July and August to clear the arrears. But in September Mr S received a text message informing him his account was still in arrears. Mr S was concerned and raised a complaint with Tandem.

In its final response Tandem said after speaking to Mr S in May it tried to contact him to discuss the arrangement. It said as it hadn't received a response from Mr S the arrangement could not be set up. It upheld Mr S's complaint with respect to the September credit file marker and agreed it would be removed from his credit file. It paid Mr S £75 as compensation for this. It said Mr S's payments for June, July and August had been reported correctly. Mr S wasn't satisfied and brought his complaint to this service.

Our investigator concluded the information reported about Mr S's arrears for April, May, June and July was accurate. He also said it was fair that Tandem had agreed not to report arrears after August due to their miscalculation and offered Mr S £75 as compensation. Mr S didn't agree and asked for a decision from an ombudsman. He made some additional comments to which I have responded below where appropriate.

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.

Having done so I agree with the conclusions reached by the investigator for the reasons I've outlined below.

Mr S signed a hire purchase agreement and in doing so he agreed to be bound by its terms and conditions. The terms outlined a payment schedule of 59 monthly payments of £209.18 and a final payment of £219.18. Under 'Missing Payments' it says:

“Missing payments can also make it more difficult and/or expensive for you to obtain credit in future if we report your default to credit reference agencies and your credit record is adversely affected.”

I'm satisfied payment terms were clear in the agreement. I've listened to the telephone call between Mr S and Tandem on 16 May 2024. Mr S missed a payment in March 2024 and

during the call discusses a plan to make up the arrears over the months of June July and August. So at this point Mr S knew that his account was in arrears.

The adviser split the arrears across the three months and set up a direct debit payment schedule. During the call she said:

"The arrears of £148.59, I've shared that between three and spread that over June, July and August. Just to make you aware that while your account is in arrears it can have a negative impact on your credit file."

Mr S accepted this. After the call ended the adviser realised that she hadn't accounted for the May payment which was also due within the payment arrangement. She recalculated the payments for June July and August and the figures increased. I've seen a copy of contact notes between Mr S and Tandem. I can see that the adviser attempted to contact Mr S within a few minutes of the call ending to check that the increased payments needed to catch up would be affordable. The adviser tried calling and emailing. The email said:

"Further to your recent telephone conversation, when setting up your agreed catch-up plan I realised you have instalment due 01/06 which will cause your account to fall further into arrears. To keep the catch-up arrangement to 3 months to clear arrears the new payments would be June July and August would be £331.74 and back to full contractual £209.18 16/09/2024, please can you confirm this is affordable for yourself and we can get this in place to bring arrears down."

As Tandem didn't hear from Mr S the initial arrangement of £261.96 per month for three months was put in place, leaving a shortfall which Mr S didn't make up until September. Mr S said that he didn't receive a call because he was in Spain and was unable to receive incoming calls. He also said he didn't receive an email. I'm not disputing Mr S's account but I'm satisfied from the evidence provided by Tandem that it did make a call and send an email. And it wouldn't be fair for me to hold Tandem responsible for Mr S not receiving the email.

Irrespective of whether Mr S received a call or email Tandem has accepted it made a miscalculation which delayed the full repayment of the arrears. It agreed to correct Mr S's credit file for September and pay him £75 in compensation which I'm satisfied is fair and reasonable.

Mr S has said if Tandem had made him aware that his account was in arrears earlier, rather than waiting three months, the damage to his credit score would not have occurred because he would have corrected this payment on month one. I don't agree with Mr S on this point. Firstly it is Mr S's responsibility to monitor his account. During the call Mr S accepted that there was an arrears on the account in May. In the original arrangement because the arrears wouldn't be paid off completely until August Mr S's account would continue to show as in arrears on his credit file as he was making up the payments. So I'm satisfied that over this three-month period these arrears would always have reflected in Mr S's credit file.

Mr S has also said if Tandem had calculated the payment plan correctly he would have paid off the arrears already and thus the damage would have been completely prevented. Again I disagree with this point for the same reasons as I have explained above. In addition, Tandem has removed any adverse information reported for September 2024.

My final decision

Tandem Motor Finance Limited has already made an offer to pay £75 to settle the complaint and I think this offer is fair in all the circumstances. So my final decision is that Tandem

should pay £75 unless it has done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 June 2025.

Maxine Sutton
Ombudsman