

## **The complaint**

Mr P complains about the default that's been reported by Go Car Credit Limited about a hire purchase agreement under which a car was supplied to him.

## **What happened**

A used car was supplied to Mr P under a hire purchase agreement with Go Car Credit that he electronically signed in October 2022. The price of the car was £13,255 and the total amount payable by Mr P under the agreement was £27,360.80. Mr P contacted Go Car Credit in October 2024 about voluntarily terminating the agreement and it sent him a letter which said that his total liability on the agreement balance up to half way was £4,163.86.

Mr P says that he returned the car and agreed to a repayment plan of £75 each month to clear the outstanding liability of £4,163.86 but Go Car Credit applied a default marker to his credit file. He complained to Go Car Credit about the default and other issues but it said that it had explained to Mr P when he contacted it that a default marker would be applied to his credit file until any liability had been settled, when it would be updated to show as satisfied. It said that the explanation could have been stronger so it partially upheld that element of his complaint. It also upheld Mr P's complaint about some of the other issues and, as an apology for the aspects of his complaint that it had upheld, it applied a payment of £100 to the remaining liability on Mr P's account.

Mr P wasn't satisfied with its response and complained to this service about the contradiction in Go Car Credit's communications, its unfair application of the default, its failure to consider his vulnerabilities and its inadequate complaint resolution. Mr P's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that he didn't think that Go Car Credit had done anything wrong by registering the default on Mr P's credit file until the account was settled and he thought that the redress that it had awarded was reasonable in the circumstances for the failing made during the phone call.

Mr P didn't accept the investigator's recommendation and asked for his complaint to be escalated to an ombudsman for a final decision. He's provided a detailed response about the absence of a default notice and his vulnerability and context being ignored. He says that he believes that Go Car Credit acted unfairly and disproportionately in applying the default marker in the absence of a statutory notice and despite his efforts to manage the situation transparently and responsibly during a period of ill health and that Go Car Credit should remove the default marker from his credit file.

## **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.

The hire purchase agreement says: *"You have a right to end this agreement. To do so, you should write to the person you make your payments to. They will then be entitled to the return of the goods and to half the total amount payable under this agreement, that is £13,680.40. If you have already paid at least this amount plus any overdue instalments and have taken reasonable care of the goods, you will not have to pay any more"*.

When Mr P contacted Go Car Credit in October 2024 about voluntarily terminating the agreement, he'd paid it £9,516.54 and there were arrears of £998.15 so the total amount that he had to pay to do so was £4,163.86. A repayment plan of £75 was agreed and Go Car Credit said that a default marker would be applied to his credit file as there was an outstanding balance on the account.

Go Car Credit is required to report true and accurate information about Mr P's payments under the hire purchase agreement to the credit reference agencies. To voluntarily terminate the agreement Mr P had to pay £4,163.86 but he didn't pay that amount. Go Car Credit considered that to be a default and says that it explained to Mr P that a default marker would be applied to his credit file until any liability had been settled, when it would be updated to show as satisfied. I'm not persuaded that there's enough evidence to show that Go Car Credit acted incorrectly in treating that as a default of the agreement and reporting a default to the credit reference agencies. I don't consider that the information that it reported wasn't true and accurate.

Mr P says that Go Car Credit didn't issue a default notice prior to registering the default marker and that the letter that it sent to him doesn't meet the legal requirements of a default notice, which renders the application of a default unlawful and procedurally invalid. But I'm looking at what's fair and reasonable in these circumstances and it's clear that Mr P was aware that Go Car Credit was going to report a default to the credit reference agencies (even though he didn't agree that it should do so) but he proceeded with the voluntary termination of the agreement and I don't consider that the outcome would be any different if Go Car Credit had sent him a notice of default.

The letter that Go Car Credit sent to Mr P in October 2024 said:

*"Should you decide to Voluntary Terminate your agreement we will report the termination to Credit Reference Agencies, meaning other lenders will be aware of the decision you have taken. However, Voluntary Termination is not a negative marker. Depending on your account position we will report the following: ... Customers who have not yet paid the required half amount ... A Default marker will be registered against your credit file until such time that you pay your remaining liability. Once paid we will settle your default, flagging the account as closed due to Voluntary Termination"*.

I'm not persuaded that that letter was contradictory or incorrect. A voluntary termination has to be reported to the credit reference agencies but, provided that the required payment has been made, that wouldn't be considered to be negative information as the borrower has exercised a legal right to terminate the agreement early. Mr P hadn't made the required payment so his agreement would be considered to be in default until he'd settled his outstanding liability when the reporting would be updated to show that the payments had been made.

Mr P says that his vulnerability and context have been ignored and he's described the health and other issues that he was experiencing. I can appreciate that those issues made the voluntary termination process more difficult for him but he owed £4,163.86 to Go Car Credit and it agreed a repayment plan with him to repay that amount by monthly payments of £75. Go Car Credit was required to respond to any financial difficulties that Mr P was

experiencing positively and sympathetically and, in agreeing to a repayment plan, I consider that it did so. I'm not persuaded that it ignored his vulnerabilities or the context of his situation.

Go Car Credit accepts that the explanation that Mr P was given when he contacted it in October 2024 could have been stronger so it partially upheld that element of his complaint. It also upheld Mr P's complaint about some other issues and, as an apology for the aspects of his complaint that it had upheld, it applied a payment of £100 to the remaining liability on his account. I consider that to have been fair and reasonable compensation for those issues.

Mr P clearly feels strongly that Go Car Credit has acted incorrectly in reporting the default to the credit reference agencies and he says in his complaint form that, amongst other things, he wants it to remove the default and to pay him compensation. I appreciate that this will be disappointing for Mr P but, other than the issues with the explanation referred to in the paragraph above, I'm not persuaded that there's enough evidence to show that Go Car Credit has acted incorrectly in reporting a default. I find that it wouldn't be fair or reasonable in these circumstances for me to require Go Car Credit to remove the default from Mr P's credit file, to pay him any more compensation or to take any other action in response to his complaint.

### **My final decision**

My decision is that I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 31 July 2025.

Jarrold Hastings  
**Ombudsman**