

The complaint

Mr K complains about the fact his agreement for a car was terminated by Close Brothers Limited when he was having financial difficulties.

What happened

Mr K contacted Close Brothers in April 2024 to explain he'd lost his job and couldn't make his payment for his car. Options to reduce or pause payments were discussed on a call on 8 April 2024, and Mr K was advised to let Close Brothers know within a week whether he wanted a reduced payment plan, or 30 days breathing space to be applied to his account.

Breathing space provides a temporary pause on payments and being chased for payments. Mr K came back 3 days later to confirm he wanted the breathing space to be applied as he couldn't afford reduced payments. This was confirmed, and the agent told Mr K that after 30 days, this could be reviewed on a month-by-month basis.

Around a month later, Close Brothers contacted Mr K to discuss the situation. They advised the breathing space had now ended, and Mr K asked if it could be extended, as he was trying to sell the car. Close Brothers explained that to extend it, they would need to see an income and expenditure breakdown for him, to decide if it was possible. He said he couldn't do this over the phone, so was given an email address to send the details into.

Mr K has provided evidence that he sent this in, but received a response to say it hadn't successfully got to Close Brothers. Mr K was sent a sum of arrears letter on 18 May as the breathing space had ended and was called on 22 May 2024 when Close Brothers advised they hadn't received the email and gave him a different email address to try.

Again, we can see he tried to send this email on 22 May 2024, but Close Brothers have advised they didn't receive it. Subsequently, a notice of default was issued to Mr K on 25 June 2024, and with no contact made, the account was terminated on 30 July 2024.

Mr K complained to Close Brothers on 21 August 2024, and they eventually sent him a final response letter (FRL) on 5 November 2024, and didn't uphold his complaint, saying they had informed him what was going on at all points and correctly terminated the account.

Shortly after this, Mr K brought the complaint to our service. An investigator here investigated it and partially upheld it based on the service Mr K had been provided. They said that after listening to the calls he had, they didn't feel that Close Brothers had been sufficiently clear that breathing space couldn't be extended indefinitely, and they could have explained what would happen when the initial 30 days ended. However, they said that the termination of his account was fair as he hadn't contacted Close Brothers to confirm that the income and expenditure form had been received, or breathing space had been extended, and hadn't had any confirmation that any breathing space or other payment option was in place.

On this basis, they felt that the termination and the default was done in line with expectations and processes a business must follow. They recommended a payment of £150 for any distress and inconvenience from the lack of clarity earlier in the process, but nothing further.

Close Brothers accepted these findings, but Mr K didn't and asked for an Ombudsman to make a final decision. He said he doesn't think it's fair that he sent in information as requested by Close Brothers, but they didn't tell him there was a problem, so he'd assumed it was all fine. The case has come to me therefore for a final 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr K was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

I agree with the investigator here that the service provided to Mr K fell short of what he had a right to expect when he initially told Close Brothers about the problems he was having. I was sorry to hear that he'd lost his job at the time, and I think the assessment of this was correct, and a payment of £150 to recognise the distress and inconvenience caused by a lack of clarity with the initial information he was provided is fair.

After that point however, I'm unclear why Mr K would think everything was fine and he didn't need to reach out to Close Brothers to make sure this was the case. He'd been told that to extend breathing space, an income and expenditure form would need to be supplied, and to be assessed, before it could be agreed. I've seen no evidence that he was told this was fine or had tried to contact Close Brothers to discuss it.

I've thought about how reasonable this is, and I'm not persuaded that it's a reasonable course of action. Clearly, these were trying circumstances for him having lost his job, but on that basis, I'd expect him to be very careful to ensure he was getting all the help he could get through this period.

Alongside this, I've thought about what would have happened based on the income and expenditure forms he'd sent in if they had been looked at. They showed he didn't have the income to make any payments to the agreement, and as such, without a new job, Close Brothers would have started the same procedures to terminate the agreement, as he had no way of affording the car. He's said he got a new job and could have started payments again, but I haven't seen any contact from him to tell Close Brothers this was the case.

There seems to have been an assumption that he could just not pay anything for an unspecified length of time and nothing would happen. Indeed, in his comments to us, Mr K has said he assumed things were fine on the basis that "no news is good news" and he

hadn't heard from Close Brothers. But I can see they sent him default notices and termination letters, and I don't think its reasonable to ignore these and to assume everything is fine.

Close Brothers have carried out all the required steps in the process here. Mr K chose not to engage with them, and hoped things would all be OK. I'm sorry that this wasn't the case, but I can't say this is Close Brothers fault. The timeline wasn't rushed; it was 25 June 2024 before a default notice was issued, and the account wasn't terminated until 30 July 2024. It had been May 2024 when he had last spoken to Close Brothers.

Mr K is worried about what will now happen to the car which he apparently still has, but this complaint is about whether Close Brothers treated him fairly and whether it was fair for them to terminate the agreement. As already highlighted, I think they could have done more when he initially reported the problems he was having to explain things more clearly, for which I agree they should compensate him £150. But I'm satisfied that the agreement was terminated fairly, fair warning was provided about this, and he didn't respond to the communications to prevent it happening. So, I won't be asking Close Brothers to do any more than pay him the £150 compensation discussed.

Putting things right

Close Brothers Limited should pay Mr K £150 compensation for the distress and inconvenience caused.

My final decision

I am partially upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 July 2025.

Paul Cronin
Ombudsman