

## **The complaint**

Mr F has complained about the way Halfords Limited brokered a fixed sum loan agreement.

## **What happened**

The circumstances of the complaint are well known to the parties, so I'm not going to go over everything again in detail. But to summarise, Mr F said he took his vehicle to a Halfords repair centre for a diagnosis on a fault. He said the cost for the works was around £500. He decided to add on some further servicing work, so the total to be paid was around £680. Mr F said Halfords brokered a fixed sum loan agreement with a company I'll call "P" so that he could spread the cost.

Mr F said his application with P was successful and he made his initial deposit. But he said when he went to collect his vehicle, the loan application with P had expired. He said a further application was declined so he was left in a difficult situation needing to find funds for the works. He said the situation was unfair and that he had to sell several items quickly to obtain funds so he could have his vehicle returned. Mr F said he wanted compensation and an apology. He complained to P and Halfords.

P said to Mr F the application was set up successfully on 29 August 2024 and it was ready for Halfords to confirm the booking to fully activate it. It said Halfords had triggered the expiry of the agreement and that it declined the second application fairly. Mr F wasn't happy with how Halfords was dealing with things, so he decided to refer his complaint to the Financial Ombudsman.

Halfords told our service it had been unable to provide a resolution because Mr F hadn't provided it enough information for it to assess any potential loss.

One of our investigators wrote Halfords and P to find out a bit more about what happened. Halfords said the work on the vehicle didn't complete until 6 September 2024. It said a job isn't assigned to a credit agreement until the work is completed in case the work involved needs to change. It said due to the work completing the day after the expiry date (5 September) a new application was required.

P said an application that's been set up with a pending start is approved but allows Halfords to take certain things into consideration such as a price adjustment if additional works are required. It said at the time of processing, due to the volume of accounts being set up in this manner it was agreed with Halfords that a plan would expire after 7 days if not confirmed. It said in Mr F's case Halfords should have directed him to speak to P to be able to process a new application without a secondary credit check. But in this case because Mr F didn't contact it the application expired.

One of our investigators looked into things and said he thought it more likely than not that Halfords failed to inform Mr F about the deadline, which left him with a bill which needed to be paid to retrieve his vehicle. He said Halfords should compensate Mr F £200 in recognition of what went wrong.

I can't see we received a response from Halfords. But Mr F responded and disagreed. He said the compensation didn't recognise the financial implications of what went wrong. He said he sold items originally costing around £3,500 for around £700 and there was a shortfall of around £2,500. He said he'd not been able to replace those items. He said the forced sales of his items were a legitimate financial loss. He said Halfords failed by not carrying out its service with reasonable skill and care; it misrepresented the availability of credit; and it didn't adhere to the Financial Conduct Authority's principles. He thought there were several grounds for increased compensation.

As things weren't resolved, the complaint has been passed to me to decide.

### **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 want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr F and Halfords that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Halfords brokered the fixed sum loan agreement for Mr F and our service is able to consider complaints about credit broking.

Having considered everything carefully, I think our investigator's assessment seems broadly a fair way to put things right. I'll explain why.

I've first thought about whether Halfords made a mistake when it came to not adequately informing Mr F what would happen when it brokered the credit agreement. As a credit broker, Halfords was required to explain the key features of the credit agreement to Mr F. If Mr F wasn't going to have the repairs undertaken straight-away I think he should have been made aware about the expiry date of the credit agreement application. On balance, I think Halfords likely didn't explain to Mr F that the agreement needed to be activated by a certain point. Or even if that's not right, it seems that Halfords missed an opportunity to speak to P or help Mr F to do so, in order for him to reinstate the agreement rather than put through another application. I think it's likely something did go wrong with the brokering of the agreement.

I can't see we received a response from Halfords objecting or disputing what our investigator has said.

What I need to decide is what needs to be done to put things right. Mr F has claimed significant losses. He says that as a result of way Halfords handled things he had to sell goods to pay for the repairs, and this has had a knock-on effect on his financial situation.

When considering what a complainant can fairly recover I need to think about causation, remoteness, mitigation, along with other things. So the sorts of things I need to consider when it comes to compensation or consequential losses Mr F has claimed as a result of the way Halfords handled things is whether the losses claimed were reasonably foreseeable and directly flowing from the mistake. I also need to consider what sort of evidence we've been supplied and whether the complainant has taken steps to mitigate.

In the circumstances, I don't think I can safely conclude the losses or impact Mr F is claiming was reasonably foreseeable or directly flowing from the way Halfords handled things. It's quite an unusual and unpredictable set of circumstances that Mr F wasn't able to obtain finance elsewhere; didn't speak to P about the original application; and that he then went on to sell goods he owned significantly less than their market value, which led to further financial issues down the line. I don't think that Halfords could have reasonably foreseen that happening by not informing Mr F of the expiry date of the application, and I don't think it saw enough to conclude the losses claimed flowed directly from the way it handled things. I think Halfords would have also wanted to see more to be able to determine Mr F wasn't able to do more to mitigate, or for example that he wasn't just happening to be selling items around the same time.

However, I can consider how the situation affected Mr F practically and emotionally. In other words, I can consider the overall distress and inconvenience caused. I need to be able to draw a line under the complaint and this is normally done by considering primarily what happened up to the final response letter was sent. Halfords said it didn't issue a final response because it was waiting for Mr F to provide supporting information. But even taking that into account, I think there was a mistake made, and it must have been upsetting and worrying for Mr F when he wasn't able to obtain finance from P. The award our investigator recommended is in line with what's awarded where there's been either repeated small errors or a larger single mistake that required a reasonable effort to sort out. I think that's what happened here, so I find the compensation overall to be fair. I'm not going to make any further directions. Mr F doesn't have to accept this decision. He's free to pursue the complaint by more formal means, such as through the courts, if he thinks he'd achieve a more generous outcome.

### **My final decision**

My final decision is that I uphold this complaint and direct Halfords Limited to pay Mr F £200.

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

Simon Wingfield

**Ombudsman**