

The complaint

Mr P complains about the amount Billing Finance Limited (“BF”) are asking him to pay following termination of his hire purchase agreement.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In August 2022, Mr P acquired a used car. The total purchase price was provided by BF under a hire purchase agreement. The agreement was for 60 months, with 59 monthly payments of £344.26 and a final payment of £345.26. The cash price of the car was £12,999, and the total amount payable under the agreement was £20,656.60.

In April 2023 Mr P complained to BF as he said there were faults with the car, and it wasn't of satisfactory quality. BF didn't uphold Mr P's complaint. Mr P hasn't brought that complaint to our service, and I'm not considering it within this decision. I only make reference to it for background to the complaint I'm now deciding.

At the end of June 2023, BF contacted Mr P as they had become aware that the car was uninsured. He was already in arrears on the account at this time. BF asked Mr P to provide proof of insurance to avoid further action being taken, which could include termination of the agreement. Mr P got in touch with BF a couple of weeks later, and explained the car was in the garage for repair but he would pay the arrears to BF within two weeks. No payment was received, and BF sent Mr P SMS messages and attempted to reach him by phone to discuss his account and the arrears.

As there had been no contact or payment from Mr P, BF sent him a default notice in early August 2023 and said the agreement would be terminated. Mr P got in touch with BF again at this point, and said the car was still not repaired. However, at this point BF had been made aware that Mr P had proceeded with a direct debit indemnity claim to recover four of his previous payments towards the agreement. BF informed him of this and confirmed that the payments Mr P had claimed back would be added to the arrears already on the account.

Mr P didn't get back in touch with BF until December 2023. The car still hadn't been repaired, and Mr P still wasn't making any payments towards the agreement. At this point BF and Mr P discussed his options and Mr P said he will call again within a week to discuss again. He didn't contact BF again until the end of January 2024, despite BF sending him SMS messages, letters in the post, and attempting to speak to him on the phone. When Mr P did speak to BF he suggested a repayment plan. BF considered it, but told Mr P that, in light of his previous payment history and his direct debit indemnity claims, they weren't prepared to accept his proposal, and they needed the account to be brought up to date. They told Mr P that they would repossess the car if payment wasn't received.

No payment was received, and the car was repossessed in February 2024 from a third-party garage. Mr P had asked the garage to undertake repairs to the engine but hadn't paid for the repairs. BF agreed to settle the repair bill with the garage so the car could be repossessed,

and they added the repair costs onto Mr P's outstanding balance. The car was subsequently sold at auction, with the proceeds added to the account to reduce Mr P's outstanding amount. BF then contacted Mr P to let him know the final amount he was in arrears was £17,440.54.

Mr P complained to BF. He said the problems had started when the car broke down and he had made a complaint to BF about that. He said he had needed the car fixed, and BF hadn't done anything to help him. Because of that, he had been unable to work so had missed payments. He also said that multiple garages had misled him, leading to further delays. He said the amount BF were asking him to pay was 'staggering.' BF responded and explained it had acted in accordance with Mr P's agreement by terminating it and repossessing the car when Mr P failed to make his scheduled monthly payments. They also explained they'd had to pay for the repairs to the car too, and Mr P was liable for those as per the terms of his agreement. They said the outstanding balance was due.

Mr P brought his complaint to our service. Our investigator didn't uphold it. She said the agreement terms and conditions are clear in regard to BF's right to repossess the car and terminate the agreement if payments aren't maintained. She said BF had been flexible and had given Mr P several opportunities to make payment towards the agreement, but he hadn't done so. She said BF had acted reasonably by asking him to pay the outstanding balance following repossession and disposal of the car.

Mr P didn't agree. He said he'd been in regular contact with BF throughout, and the garage had altered their position on payment for the repairs, and he'd explained this to BF who'd said a payment plan could be considered.

As Mr P didn't accept, 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on all of it within this decision. I will be focussing on what I consider to be the key points of this complaint.

As the hire purchase agreement entered by Mr P is a regulated consumer credit agreement this service is able to consider complaints relating to it.

Mr P has said that he doesn't think BF have taken his circumstances into account when he was left without a car and couldn't work, and that he was in regular contact with BF about the situation. But I don't agree with that in this case. BF's account notes show the conversations that were had with Mr P from the date he was informed by BF that the car was uninsured until the date he was asked to pay the outstanding balance following termination of the agreement and repossession of the car. That communication was sporadic at best, with large gaps, particularly between August and December 2023, despite BF's attempts to reach Mr P by SMS and by calling him.

I'm satisfied BF took Mr P's personal circumstances into account. But Mr P wasn't in regular contact with them and wasn't making any payments, whether a reduced amount or not. In addition to that, he had proceeded with a direct debit indemnity claim to recover four of the

payments he had made prior to April 2023, meaning the arrears on his account had increased, leaving BF with little option other than to terminate his agreement. I appreciate Mr P made an offer to BF at the end of January 2024 to pay a lump sum of £1,000, and then an additional £100 on top of his scheduled monthly payments each month. But by that point BF hadn't received any payments for many months, and I can understand their reasons for declining to accept Mr P's proposal and insisting the account was brought back up to date to avoid the car being repossessed. It's for BF to assess their appetite for risk, and I don't think it was unreasonable of them to decline Mr P's proposal when I consider the previous payment history and his direct debit indemnity claim. There was nothing to suggest Mr P would have been able to maintain the payments he was proposing to make.

As the account was in arrears, BF were within their rights to proceed with the termination of the agreement. I say this because it's in line with the terms of the agreement. The car belongs to BF until the full amount specified in the agreement has been paid. And the agreement explains BF can seek to repossess their asset if payments are missed, and the account is defaulted. BF have shown they tried to contact Mr P on numerous occasions, and by different means, and many of those attempts went unanswered. Even when Mr P did acknowledge BF's contact and got in touch with them, no payments were received and the arrears continued to increase. I'm satisfied that BF were left with no other option that to terminate the agreement and try to recover the car.

Once BF had decided to terminate the agreement and repossess the car, they discovered that repair work completed by a third party hadn't been paid for. Mr P's agreement explains that he will be responsible for paying any repair or damage costs once the car is back in BF's possession. As BF had had to pay the third party to enable BF to take the car back, I'm satisfied it's reasonable for them to add those repair costs onto Mr P's overall arrears. BF subsequently sold the car at auction, and reduced Mr P's outstanding balance to the figure they're now asking him to pay. I'm satisfied they've acted fairly by doing this.

I appreciate the amount Mr P is now required to pay to settle the arrears is substantial. If Mr P is experiencing financial difficulties I would urge him to speak to BF or their associated partner (if the debt has been passed on), and I would expect BF and/or their associated partner to show Mr P forbearance and give consideration to Mr P's financial situation, so that a suitable and sustainable repayment plan can be considered to allow the outstanding balance to be cleared.

I know this decision will come as a disappointment to Mr P, but I'm satisfied BF have treated him fairly when terminating his agreement and asking him to pay the outstanding arrears following a long period of non-payment towards the account.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 December 2025.

Kevin Parmenter
Ombudsman