DRN-5812474

The complaint

Mrs J is unhappy with how Close Brothers Limited ('CBL') administered a conditional sale agreement.

What happened

Around October 2023, Mrs J entered into a conditional sale agreement with CBL to acquire a used car.

Later, Mrs J changed the registered keeper of the car via the V5 document to her partner's business, which I'll refer to as 'A'.

CBL became aware of the change of keeper. At the end of June 2024, CBL wrote to A and explained it believed it was in possession of the car which remained in CBL's ownership and asked A to contact it to discuss further.

On 1 July 2024 CBL issued a default notice. This said, in summary, that Mrs J was in breach of the terms of the agreement. It said she needed to retake possession and control of the car by 22 July 2024.

The same day, it sent a letter explaining Mrs J was in breach of the agreement as she had transferred the car to a new keeper. It asked her to send proof she was the keeper of the car by 22 July 2024 by showing it the V5.

On 16 August 2024 CBL issued a notice of termination to Mrs J. This said she needed to return the car.

CBL then attempted to take possession of the car.

In October 2024 Mrs J complained to CBL and raised various concerns about its actions. This included her saying she hadn't breached the terms of the agreement and that CBL hadn't sent letters it was required to. Mrs J asked for repayments to be given back.

In December 2024 CBL issued a final response to the complaint. This said, in summary, that the agreement was correctly terminated due to a breach of the terms. It said no payments would be refunded. It said Mrs J was liable for any shortfall after the car was sold at auction. It said there was no breach of data protection laws. It explained it would not stop direct debit payments unless the breach was due to arrears. It explained the address CBL had used was provided on the application and on the agreement which wasn't questioned at the time. And CBL said if there are issues with collecting vehicles, sometimes they are reported as stolen.

Mrs J remained unhappy and referred the complaint to our service.

Mrs J made us aware she was unhappy with multiple things. I won't list all of these points here, but these included that she said CBL failed to verify her address when it granted the finance, that it exerted undue pressure to return the car, that it visited A's address causing reputational harm, that it harassed her family at her home and that CBL continued to take

direct debit payments after the agreement was terminated.

Mrs J said it was unlawful to demand the return of the car and to hold her liable for losses after the agreement had been terminated, that CBL sent statutory notices to incorrect addresses which meant it didn't protect her data and that CBL falsely reported a default to credit reference agencies

Mrs J told our service the V5 was transferred to A for record keeping purposes, which she said does not mean she transferred the ownership.

CBL explained to our service that following the final response being issued, it became aware the address it held for Mrs J was not correct. It said this meant she didn't receive the 'regulatory letters' and so in January 2025 it had updated her credit file, removed the default and reversed the termination. It explained it offered Mrs J £200 compensation, which Mrs J had declined.

Mrs J told our service the £200 offered wasn't enough given the severe distress, reputational damage and financial implications caused. She confirmed the V5 was still in A's name.

Our investigator issued a view and said, in summary, that he thought it was likely Mrs J was aware CBL didn't have her full address since the agreement started, as her partner had explained this on the phone.

Our investigator said the notice of default was sent to an incorrect address. So, he didn't think it was reasonable for CBL to terminate the agreement.

Our investigator said that he thought Mrs J had breached the agreement. So, he didn't think the steps CBL had taken, aside from the address being incorrect on the default notice and termination, were unreasonable.

He explained he thought the £200 offered by CBL was reasonable to reflect the mistakes it made. And he noted he couldn't make an award for any distress or reputational damage to her partner, as he wasn't on the agreement.

Mrs J disagreed. In summary, she said the termination was unlawful, that CBL should've taken steps to verify her address before the agreement was entered and that CBL continuing to take payments after terminating the contract was *"potentially unlawful enrichment".*

Mrs J said it was *"factually and legally incorrect"* that she was at any fault. And she said the £200 compensation was grossly inadequate.

Our investigator explained this didn't change his opinion.

CBL also responded and confirmed it made an error with how it communicated with Mrs J. But it explained it had been trying to locate the car due to the breach of the agreement. It said, had Mrs J given it correct details, the error wouldn't have occurred. It said the agreement hadn't been technically terminated, it had been closed and reinstated. And it said it was not reasonable to refund any payments.

As Mrs J remained unhappy, 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.

Having done so, I think the complaint should be upheld. But I think the offer CBL has made after it issued its final response is fair and reasonable to put things right. I'll explain why.

Mrs J complains about actions taken in relation to a conditional sale agreement. I'm satisfied what she complains about here is about, or ancillary to, regulated activities including CBL entering into the agreement as a lender. So, I'm satisfied I can look into her complaint about CBL.

It's important to set out upfront that Mrs J has raised a lot of individual complaint points and detailed arguments. I want to explain that I might not comment on every single point raised. I'd like to reassure Mrs J, and CBL, that I've carefully considered everything both parties have said and all of the evidence. But I'm going to focus on what I consider to be the key facts and the crux of the complaint. This reflects the informal nature of our service.

Mrs J has also said at various times that she believes CBL acted unlawfully. When thinking about what's fair and reasonable, I have in mind relevant law, along with guidance, regulations and what would have been good industry practice at the time. But it is not my place to decide whether CBL acted unlawfully – this would be for a court to do.

Firstly, I need to decide whether Mrs J breached the terms of the agreement or not. The rest of the complaint stems from this issue, so I think this is a key point to consider.

It isn't in dispute Mrs J changed the registered keeper of the vehicle to A.

The terms and conditions for the agreement Mrs J entered into explain under *"Restrictions on Use":*

"5.3 You may not abandon, sell, gift or transfer the Goods to a third party and you must keep the Goods in your possession or control"

I think there are two points to consider. Firstly, given the registered keeper was changed on the V5, I find she did *"sell, gift or transfer the goods".*

Secondly, A is a limited company owned by Mrs J's partner. So, I find this was a "*third party".*

Mrs J raised the point she didn't change the ownership of the car. To be clear, Mrs J never owned the car. CBL were the owner under this agreement. But either way, the term here doesn't only apply to ownership. And I'm satisfied she 'transferred' the goods to A.

It follows this that I find Mrs J breached the terms of the agreement. So, I need to consider the actions CBL took with this in mind.

I can understand why CBL attempted to contact Mrs J by various methods, including calling her and leaving voicemails. Given the keeper had changed, I don't think it was unreasonable for CBL to contact A about it. While I'll come onto *how* this happened below and whether I think it did things as it should, I also don't think it was unreasonable for CBL to at least take *steps* to default the agreement and then to terminate it. As CBL couldn't contact Mrs J or locate the car, I can also see why it asked agents to visit her home and A's address.

This then brings me to consider the specifics around the default being issued and the steps CBL then took.

Before I comment in detail about this, I think it's first worth covering off the issue with Mrs J's

address. It isn't in dispute CBL held the incorrect address for Mrs J. And looking at the agreement she signed, I think this is obvious. Given the format of her address, it's quite simple to see this was missing a number.

There are a few things to consider here. CBL argued Mrs J signed the agreement to confirm this was correct. I've also noted that Mrs J's partner spoke to CBL on the phone shortly after the agreement was put in place. During this call they said, *"the address is incorrect"* and explained further details about it.

So, on one hand I'm satisfied Mrs J signed the agreement to confirm the address. I'm also satisfied she very likely knew CBL held the incorrect address for her shortly after taking the agreement, and that this meant it may not be able to contact her. And I can't see she took steps to correct this.

On the other hand, I think CBL were told, albeit by a third party, that it held the incorrect address shortly after the agreement was set up. I can't see it took steps to correct this either. And I also think, because the issue is so blatant, I might have expected CBL to pick this up - particularly when it started to, presumably, look at the account in more detail.

In summary, I find both parties could've taken steps to correct this earlier than they did.

I've then gone on to consider what happened when the account was defaulted.

I've seen a copy of the default notice sent on 1 July 2024. The letter was addressed to the right name, but with the wrong title. And it was missing a key part of the address. It's important to note this wasn't only the missing number I explained above – it was missing *additional* information.

In summary, in order to take 'further action', including terminating the agreement or attempting to recover possession of goods, The Consumer Credit Act 1974 sets out that CBL needed to have issued a default notice in the prescribed form. This should've included the name and a postal address for Mrs J.

On this point, I could perhaps understand why CBL might have issued a default notice to the address it held for Mrs J, even though it was incorrect. But it didn't do this in this case. So, I find it didn't correctly issue a default notice before it took 'further action'.

As I explained above, I can understand *why* CBL defaulted and terminated the agreement and why it attempted to recover the car. But I don't think it had the right to do so at the time.

I've then gone on to consider what would be fair and reasonable to now put things right.

CBL has confirmed it has removed the default. There are notes on CBL's system from February 2025 to show no adverse information was showing on Mrs J's credit file. And it has said the termination has been overturned and the car remains in Mrs J's possession.

So, in broad terms, this seems reasonable.

That being said, I do think Mrs J has been caused distress and inconvenience because of what happened. I think it must have been distressing to realise she didn't receive the default notice as she was supposed to. When thinking about the impact this had on Mrs J and what would be a fair amount to reflect this, there are a few points to consider.

Firstly, I've thought about what would likely have happened had everything been done correctly. I do appreciate this is somewhat hypothetical. But, based on what I've seen, I

doubt the overall situation would've changed much.

I say this as Mrs J took a firm stance that she didn't do anything wrong and still maintains that the terms and conditions were not breached. And I think it's fair to say she didn't engage with CBL to try to put things right. So, had the default notice been sent to the correct address, I'm persuaded the termination and repossession attempts would likely have happened anyway.

I've also considered that I think Mrs J could've mitigated some of the distress caused by the situation, had she engaged with CBL when it was attempting to contact her about what happened. Had she done so, I think it's likely things could've been resolved earlier.

Finally, it's important to point out that some of what Mrs J has raised, such as A being visited, would've caused distress to a third party that isn't on the contract. So, I couldn't make any award here.

Thinking about things in the round, I find the £200 offered by CBL to put things right is fair and reasonable.

Mrs J said it wasn't fair for payments to be taken after the agreement had been terminated and believes she should get a refund of all payments. I've considered this, but it isn't in dispute Mrs J retained possession and use of the car. I find it's fair and reasonable she still pays for this, so I don't think any payments should be reimbursed.

At the risk of repeating myself, I once again want to reassure Mrs J that I've carefully thought about everything else she said and all the other points she raised. But this doesn't change my opinion about what would be fair and reasonable to put things right.

My final decision

My final decision is that I uphold this complaint.

I instruct Close Brothers Limited, if it hasn't already done so, to pay Mrs J £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 9 October 2025.

John Bower
Ombudsman