

## **The complaint**

Mr C complains about the way in which Go Car Credit Limited has handled his account after he fell into financial difficulties and suffered a series of mental health crises.

## **What happened**

In November 2022 Mr C entered into a five-year hire purchase agreement with Go Car for a used vehicle. He borrowed just over £14,000 and was to make monthly payments of just under £425.

From around May 2023 some payments were missed or were made late, and by November 2023 Mr C's account was in arrears. Go Car tried to contact Mr C on numerous occasions between May 2023 and April 2024; its records show that it left many telephone messages in that time, but calls were not returned. On 2 April 2024 Go Car ended the hire purchase agreement. It instructed a collection agency to seek recovery of the car.

On 19 April 2024 Mr C contacted Go Car. He explained that, as a result of mental health issues, he had been in hospital for several months, but that he wanted to explore the possibility of a payment arrangement with Go Car. His case was passed to Go Car's "*Specialist Support Team*".

Over the following months there were continuing exchanges between Mr C and Go Car, but no meaningful arrangements were agreed. Mr C explained that he had been unable to work since September 2023. Go Car said that, if Mr C were to return the car, it would treat that as a voluntary termination. It also said that it would hold off from repossessing the car if Mr C made a payment of £1,000, as he had indicated he would. Go Car said too that it needed Mr C to provide details of his income and expenditure so that it could consider a payment arrangement.

On 24 September 2024 Go Car was notified that an order had been made in respect of Mr C under The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 ("the Regulations"). Such an order is applied for by a debt advisor and has the effect of imposing a moratorium on certain debt collection activity, where a debtor is suffering from mental health issues. It does not apply to secured debt (the definition of which includes hire purchase agreements), but after the order was made Go Car communicated with Mr C's debt advisor and did not take any enforcement action.

On 14 February 2025 Mr C complained to Go Car about the way it had handled matters. On 14 March 2025 Go Car contacted his debt advisor about the possibility of collecting the car – which, it said, would reduce the debt owed. R'

The order made under the Regulations was lifted on 26 March 2025. On 31 March 2025 Go Car issued its final response to Mr C's complaint – telling him that it would move forward with the collection of the vehicle and that he could refer the matter to this service. Go Car's collection agent also sent an email to Mr C, asking him to get in touch.

On the same day, Mr C referred the complaint to this service. We contacted Go Car on 1 April 2025 to tell it that he had done so. Later the same day, Mr C contacted this service to say that the car had been repossessed. He says that happened after we had contacted Go Car.

One of our investigators considered what had happened and, in an assessment of 17 June 2025, indicated that he did not think that Go Car had treated Mr C fairly. He recommended that it pay him £500 by way of compensation.

On 24 June 2025 the complaint was – for operational reasons – allocated to a different investigator. On 1 July 2025 Go Car replied to the first investigator's assessment to say that it did not agree with it; it asked for a review.

The second investigator carried out a review of the case and issued her own assessment. She said that she did not agree with the first investigator's view and concluded that Mr C's complaint should not be upheld. Mr C did not agree and asked that an ombudsman review the case.

### **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.

Mr C has said that he does not dispute Go Car's right to take possession of the car. His complaint is rather about the way in which Go Car handled the matter overall and what he sees as its failure properly to take account of his mental health issues and his financial difficulties. But he has also said that his mental health condition means that Go Car should have suspended collections activity, and I have in any event considered Go Car's actions as a whole – including considering whether it should have stopped collection of the debt and recovery of the car.

The Financial Conduct Authority's Handbook includes rules and guidance about consumer credit in its Consumer Credit sourcebook (known as CONC). CONC 7 deals with arrears and debt collection. CONC 7.10.1(1)R says:

*A firm must suspend the pursuit of recovery of a debt from a customer when:*

*(1) the firm has been notified that the customer might not have the mental capacity to make relevant financial decisions about the management of the customer's debt and/or to engage in the debt recovery process at the time; or*

*(2) the firm understands or ought reasonably to be aware that the customer lacks mental capacity to make relevant financial decisions about the management of the customer's debt and/or to engage in the debt recovery process at the time.*

Mr C says that the effect of that rule is that Go Car should not have carried out any collection activity, because he lacked mental capacity. I don't believe that is correct, however. A person lacks mental capacity if they are unable to make or to understand financial decisions (which as a result might mean those decisions are not valid). That is not the position in the case of Mr C. I do accept however that there were times when Mr C was not in a position to engage in the debt recovery process.

CONC also includes rules and guidance about the treatment of customers in or approaching arrears or in default – in particular in CONC 7.3. As well as its over-arching duty to treat customers fairly and have regard to its customers' interests, a lender must treat customers approaching or in arrears or default with forbearance and due consideration (CONC 7.3.4R).

What is appropriate will depend on the individual circumstances, but I have considered Car Go's actions with CONC 7.3 in mind.

Mr C has also suggested that Go Car should not have taken any action once he referred his complaint to this service. Whilst we will often ask a creditor to suspend collections activity while we look at a complaint (and many agree to do so), a referral to this service does not automatically trigger a moratorium on such activity.

Mr C said that Car Go had contacted him and left more than 20 messages in connection with the hire purchase agreement. That may appear to be a lot, but those attempted contacts were made over a period of nearly a year and were largely unsuccessful.

Once Mr C explained the position, I can see that any further contact came from Go Car's specialist support team. That does not, of itself, mean of course that it was treating Mr C fairly or having proper regard to his interests; to reach a view on that, it is necessary for me to consider what that team actually did.

I have reviewed the exchanges between Go Car and Mr C after he explained his difficulties in April 2024. In my view, Go Car was sympathetic and understanding, and sought to accommodate Mr C's needs. It did not, as Mr C suggests, prioritise repossession of the car; in fact, it allowed him to retain possession of it for a year after it ended the hire purchase agreement and offered on more than one occasion to treat any return as a voluntary termination – which would have put Mr C in a better position than he would otherwise have been. And it tried to reach an agreement which would allow Mr C to pay off the debt in a way he could afford.

I think it is important to note that, against this background, Go Car had received no payments since August 2024 and the debt continued to grow.

Once Go Car became aware that an order had been made under the Regulations, it dealt only with Mr C's debt advisor. In my view, it did so in a positive and constructive manner. Indeed, I think that the tone of Go Car's communication was generally sympathetic, while it sought to resolve matters in a way which was acceptable to both parties.

I note that Go Car moved relatively quickly to recover the car once the respite order had been lifted. But, as I have indicated, by that point it was nearly a year since the hire purchase agreement had been terminated, and it was around eight months since any payment had been made. The debt was increasing and the car would have been falling in value – to Mr C's detriment. I don't believe it was unreasonable for Go Car to ask its agents to collect it – resulting in a reduction in the amount outstanding under the hire purchase agreement.

I have a good deal of sympathy with Mr C. It is clear that he has been seriously affected by the actions of Go Car. However, I cannot fairly require it to compensate him (or take any other action), since I believe that it has not only acted within the relevant law and regulations, but also that it has treated Mr C fairly and reasonably in all the circumstances.

Finally, Mr C has said that some of his personal possessions were taken with the car when it was collected by Go Car's agents. It appears they may have included accessories which he added and which were in the car at the time. I share the investigator's view, however, that this is a separate issue and make no further comment on it.

**My final decision**

For these reasons, my final decision is that I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 October 2025.

Mike Ingram  
**Ombudsman**