

## **The complaint**

Ms W complains about problems she experienced after she agreed to voluntarily surrender a car she had been financing through an agreement with Marsh Finance Limited (who I'll call MFL).

## **What happened**

Ms W entered a hire purchase agreement with MFL on 28 August 2024 to fund a used car.

On 23 April 2025 she contacted MFL about returning the car and decided to proceed with a Voluntary Surrender (VS), signing the relevant forms on 28 April 2025.

In May 2025 Ms W raised a complaint with MFL she said her experience with VS through another provider had been more efficient.

MFL rejected the complaint and Ms W then referred the matter to this service, stating she had misunderstood VS as rejection and was pursued for payments despite not missing any until MFL cancelled the direct debit and collected the car.

Our investigator didn't think MFL's explanation of the VS process was unclear but she did think they hadn't explained Ms W would need to keep making her monthly payments towards the account after the car was collected. She thought they should remove any missed payment reports they may have made to Ms W's credit file in respect of payments due after the car was collected but she didn't think MFL had been unreasonable to report a default of the agreement as they'd explained that would be necessary if Ms W had chosen to VS.

MFL didn't agree with our investigator. They said Ms W had told them she wouldn't be making any further payments and that the missed payment markers had therefore been correctly recorded. They said they'd told Ms W that payments would need to be maintained and they asked for a decision by an ombudsman.

## **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 agree with the investigator's view of this complaint and for broadly the same reasons. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Ms W acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

I think MFL explained the VS process well. On the phone they ensured Ms W knew they would take possession of the car, sell it and subtract the proceeds of the sale from the balance due on the account. They explained that Ms W would remain liable for the balance that was then outstanding and that they'd register a default with the credit reference agencies. They confirmed that in writing for Ms W and she had time before she signed the VS to consider that explanation.

I agree with the investigator that Ms W wasn't given clear enough information about the need to continue making payments after her car was collected. MFL didn't explain how the remaining balance would be settled, or when payments were due. Because of this, I don't think it was fair for MFL to report missed payments after the car was collected. While MFL said Ms W had stated she wouldn't make further payments, I've reviewed the emails and found that although she was frustrated with the situation, she later clarified in August 2025: *"I'm not paying anything until it's sold..."* This suggests she expected further communication about payment terms. Therefore, I believe MFL should remove any missed payment markers from Ms W's credit file from the date the car was collected. However, reporting a default was fair, as MFL had clearly explained that would be a consequence of voluntary surrender.

I'd also agree that this issue has caused Ms W unwarranted distress and inconvenience as those reports would have been distressing given the lack of explanation about why they were required. In the circumstances, I think MFL should pay £300 in compensation.

### **My final decision**

For the reasons I've given above, I uphold this complaint in part and tell Marsh Finance Limited to:

- Remove any late payment markers they may have reported to Ms W's credit file after her car was collected.
- Pay Ms W £300 to compensate her for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 3 December 2025.

Phillip McMahon  
**Ombudsman**