

## **The complaint**

Mr J complains about how FCE Bank Plc trading as Ford Credit Europe treated him, when they terminated a hire purchase agreement in his name.

Throughout his complaint, Mr J has been represented by a third party. But for ease, I'll just refer to Mr J.

## **What happened**

In December 2019, Mr J took out a finance agreement with FCE to buy a vehicle. Just over a year later, Mr J part exchanged the vehicle with the same dealer. This meant the finance agreement was ended, and Mr J took out a separate hire purchase agreement with FCE to acquire a brand new car.

By the summer of 2021, the hire purchase agreement had entered into arrears. FCE's records show where Mr J had told them that his personal circumstances meant it was difficult for him to make the required repayments. Eventually, in March 2022, FCE took the decision to terminate the hire purchase agreement and recover the car from Mr J.

However, Mr J had taken the car overseas. FCE explained to Mr J that in taking the car outside of the UK, he had breached the terms of his contract with them. They also said it was Mr J's responsibility to return the car to the UK and satisfy the balance of the hire purchase agreement. Additionally, FCE went on to report the car as stolen with the police.

Mr J says he attempted to bring the car back to the UK. But, due to a conflict in or involving the country he had taken it to, he encountered difficulties. Mr J also says the car was seized at an international border, because FCE had reported the car as stolen. Eventually, the car was released back to Mr J by the border officials, and the matter was classed as a dispute with FCE, rather than a theft. But, because Mr J was without the car for around six months, he complained to FCE about how they had treated him.

In their final response to Mr J's complaint, FCE said that as the hire purchase agreement was in arrears and where Mr J had breached the terms of his contract, they were able to terminate it. They also said that the car was their asset, and it was unreasonable for Mr J to expect them to collect it from a country outside of the UK. So, FCE told Mr J that it was fair for them to report the car as stolen to the police, because he hadn't returned the car to them. Mr J didn't accept FCE's response and brought his complaint to this service.

One of our investigators looked into Mr J's complaint and found that FCE had treated Mr J fairly. He agreed that it was reasonable for FCE to terminate the agreement and that it was Mr J's responsibility to bring the car back to the UK. So, the investigator said it was fair for FCE to record the adverse information on the relevant national databases, and report the car as stolen with the police.

Mr J didn't agree with the investigator's findings and said he had made every effort to return the car to the UK, but FCE had caused it to be seized. Mr J also said he hadn't acted with criminal intent, so shouldn't be treated as such. He said his payment history with FCE was

relevant across all of his previous borrowing with them, and that FCE's actions have had a severe impact on his personal and financial circumstances.

The investigator didn't change his conclusions and Mr J's complaint has now been passed to me to make a final decision.

### **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.

Firstly, I'm very aware I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is at the heart of the matter here. Namely, did FCE treat Mr J fairly when the hire purchase agreement was ended?

If there's something I've not mentioned, then I haven't ignored it. I've not commented on every individual detail. I've focussed on those that are central to me reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

This case is about a hire purchase agreement with FCE, which is in Mr J's name. This is a regulated financial product. As such, we are able to consider complaints about it.

#### *The termination of the agreement*

I've looked at FCE's records of the payments made towards Mr J's hire purchase agreement. Having done so, I can see where Mr J stopped making any repayments to the finance in July 2021. So, I can see why FCE reported the agreement as being in arrears and tried to make contact with Mr J.

The records go on to show that Mr J gave FCE reasons why he was unable to make the required repayments, and where FCE told Mr J they may be able to accept a repayment arrangement. I can also see where third parties spoke to FCE on behalf of Mr J, to try and sort things out. But, it doesn't seem that any arrangement was made and Mr J didn't make any further payments towards the agreement.

Although I can see it took FCE a further ten months to eventually terminate the agreement, I think it was fair of them to take this step. I say this as the terms and conditions of Mr J's agreement explain that FCE may terminate the agreement if the repayments are not kept up to date. I can also see where FCE sent letters and email notifications to Mr J, which explained how much he should pay and when, to prevent the agreement from terminating. So, I think FCE gave Mr J fair notice of the steps they might take.

I'm aware that Mr J has pointed to his overall credit history with FCE, in that he says his previous borrowing and repayments, should have stopped FCE from ending the hire purchase agreement. Although I can see where Mr J had a finance agreement with FCE prior to 2021, I don't think FCE were obliged to suspend their collections activity over the debt at the heart of this complaint. With this in mind, I'm not persuaded that FCE had acted unfairly, in terminating the agreement.

In the event of FCE terminating the hire purchase agreement, Mr J remained responsible for the repayment of the outstanding balance owed under it. In usual circumstances, Mr J could choose to simply repay the balance and keep the car. Or, he could return the car to FCE for it to be sold and the proceeds used to pay, or part pay, the outstanding debt. However, this

hasn't happened, so I've considered if FCE's actions in the current situation are fair.

*The report to the police*

Mr J says he took the car, he acquired under the hire purchase agreement, overseas in August 2021. I can see where it remained overseas, until Mr J says he tried to bring it back in December 2023. Section five of the terms and conditions of Mr J's agreement with FCE say:

*"a) You will not use, or permit others to use the vehicle:*

*(iii) outside the United Kingdom, Jersey, Guernsey or the Isle of Man for 12 consecutive months or more or beyond the date at which the Optional Final Payment falls due, whichever is sooner. You must inform us if your address or contact information changes during this time."*

Section eight of the same document says:

*"C) If we end this agreement you will no longer have possession of the Vehicle with our consent. You must therefore return the Vehicle to us or we may repossess it."*

Having considered everything, I think Mr J had taken the car abroad for more than twelve consecutive months. I also think Mr J was responsible for handing the car back to FCE, following the termination of the agreement. Against this background, I think this meant Mr J had breached the terms and conditions of his hire purchase agreement. So, it was fair of FCE to explore the next steps.

FCE then went on try and recover the vehicle from Mr J's home address. But, as the car was overseas, they could not trace, or repossess it. So, FCE say Mr J had their car without their consent and reported it to the police as stolen in January 2023.

After looking at all the evidence, I think Mr J had an opportunity over a period of around ten months, from the termination of the agreement, to the report with the police to return the car. And in view of the terms of the agreement, I think it was Mr J's responsibility to bring the car back to the UK, rather than FCE's.

Mr J says that he wasn't able to bring the car back to the UK, due to an international conflict. While I'm aware of the international conflict Mr J has referred to, I don't agree that he was unable to return the car to the UK, at the time when FCE had terminated the agreement. I say this because I haven't seen anything to suggest Mr J, or the car, were prevented from travelling across international borders, before FCE reported things to the police.

I also acknowledge where Mr J says he posted the keys to the car directly to FCE, and notified them of its location overseas. I accept where Mr J may have made attempts to put things right. But, I don't think this action removed the onus on Mr J to return the car to FCE. Instead, it meant that the car was now out of Mr J's control.

During our investigation, Mr J has said FCE's actions to report the car as stolen were extreme. He says that in doing so, FCE had treated him like a criminal and it resulted in the car being seized, when he tried to bring it back to the UK in December 2023.

I understand Mr J's point here and I empathise with how he must have felt, when the border officials seized the car. And I've read and thought about the letter he was given, after the border officials eventually released the car back to him. But, I can also see where FCE hadn't received any repayments since July 2021, and where they couldn't locate Mr J or the

car. In all the circumstances, I don't think it was unfair for FCE to report the car as stolen, with the relevant authorities.

In addition to the termination of the agreement and the report to the police, Mr J also says FCE should not have made a record with the national fraud database. So, I've gone on to consider if it was fair of FCE to take that step.

#### *The national fraud database marker*

The marker put into place by FCE with the national fraud database is specifically about misuse of facility, connected to Mr J's hire purchase agreement. This type of marker is applied when a consumer doesn't return the goods, when they are required to do so. In Mr J's case, I'm satisfied that the type of marker recorded by FCE is consistent with the scenario Mr J found himself in.

However, FCE cannot make such a filing without the appropriate level of evidence. Indeed, the threshold to record misuse of facility calls for FCE to have suffered a loss and they must have more than a simple suspicion or concern. The guidance from the national fraud database's handbook says:

*"There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; [and]*

*The evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject to the police."*

I've already found that it was reasonable for FCE to report the car as stolen with the police. I've also concluded that FCE attempted to contact Mr J to get the car back, and that it was his responsibility to return it. So, I'm persuaded it was fair for FCE to decide that the circumstances in Mr J's case, met the threshold to record a marker with the national fraud database.

I accept Mr J's arguments that a misuse of facility marker is likely to impact his credit file and his financial circumstances. But, I don't think it would be fair to ask FCE to remove the marker on that basis.

Moreover, I can see where FCE previously provided the information from Mr J's Data Subject Access Request, and where they had removed a second marker from the national database. So, I don't require FCE to take any further steps in relation to these two matters.

#### *Summary*

Overall, I think it was fair for FCE to decide to terminate Mr J's hire purchase agreement. I also think it was reasonable for FCE to take action to report the car as stolen with the police. And that the circumstances meant it was fair for FCE to decide to make a relevant filing with the national fraud database.

So, I think FCE treated Mr J fairly when the hire purchase agreement was ended. It then follows that I think it's fair and reasonable for FCE to reach the conclusion, to hold Mr J responsible for the outstanding balance owed under the hire purchase agreement.

In this instance, I remind FCE of their responsibility to treat Mr J's current financial circumstances with due consideration and forbearance. This will mean working with Mr J to make sure he is able to make affordable repayments to any outstanding debt, if he's unable to make a lump sum payment.

**My final decision**

My final decision is that I don't uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 March 2026.

Sam Wedderburn  
**Ombudsman**