

The complaint

Miss B argues that Specialist Motor Finance Limited (“SMF”) treated her unfairly in relation to a hire purchase agreement for a car.

What happened

In August 2021 Miss B took out a hire purchase agreement. The principal sum borrowed was £11,995 and the total cost of the agreement was £21,069.40. Miss B was required to repay the agreement over 60 months at a monthly cost of £350.99.

Miss B argues that she didn’t freely enter into the agreement. She says she was coerced by her ex-partner, who also subjected her to economic and domestic abuse. Miss B stopped making payments around February 2022. The account went into arrears and the car was repossessed by SMF and sold at auction. Miss B has asked SMF to write off the full outstanding balance owed, which is a sum of around £13,500.

SMF considered Miss B’s complaint but didn’t agree to write off the balance. It said the evidence it had didn’t support the argument that Miss B was coerced into taking out this agreement. It expressed sympathy for Miss B’s circumstances and asked her to complete an income and expenditure assessment. It said it would consider appropriate forbearance once it had explored what Miss B could afford to repay. Miss B didn’t agree, and together with her representative, referred her complaint to our service.

In the most recent assessment, our investigator partly upheld the complaint. They felt that there was evidence Miss B had some use of the car. However, given her wider circumstances, they thought that exercising reasonable forbearance would include removing interest, fees and charges from the account so only the principal balance remained. They also thought that SMF should amend Miss B’s credit file. Neither party agreed with the investigator’s assessment, so the complaint was passed to me for a decision.

I issued a provisional decision setting out why I didn’t intend to uphold this complaint. In my provisional decision I said:

This complaint involves some extremely distressing circumstances, and I want to start by saying that I’m very sorry to hear about Miss B’s experiences. I also want to thank her for sharing this information, as I appreciate this can’t have been an easy thing to do. As both parties are aware of Miss B’s wider circumstances and out of respect for Miss B’s privacy, I won’t repeat them here.

Miss B has argued she was coerced into taking out this agreement by her ex-partner. What I need to consider is whether SMF, should have been aware of this at the time Miss B entered the agreement. I’ll then go on to consider whether SMF has exercised appropriate forbearance when Miss B struggled to repay the agreement and SMF became aware of her circumstances.

Events at the time of the sale

There is limited information about the sales process that has taken place. SMF has not been able to provide much detail. Miss B has said the application for the car was made online.

She's said she signed the documents at the dealership and then she and her ex-partner collected the car together. She's also said she had recently passed her driving test.

Taking this into consideration, it's clear Miss B accepts she was aware of the agreement and that she signed to agree to it. And unfortunately, I've not seen enough to persuade me that SMF should have been aware of what she now argues – that she didn't freely enter into the agreement and was being coerced. The initial application was completed remotely and there's limited information about what happened when the car was collected, but Miss B agrees she was present at the time and could drive.

So unfortunately, I don't think her complaint should be upheld for this reason. I appreciate this will be disappointing for Miss B and I want to assure her that I don't doubt what she's told me about her wider circumstances. But the question here is should SMF have been aware of it at the time of the sale, and I don't have sufficient evidence to suggest it should have.

Exercising reasonable forbearance

As explained above, Miss B would like the outstanding balance written off and would consider that to be reasonable forbearance in her circumstances. SMF has said it is amenable to some kind of debt reduction (potentially removing interest, fees and charges on the account) depending on what Miss B can afford. It asked her to complete an income and expenditure assessment so it could explore this, but Miss B hasn't completed this.

In circumstances such as this, I have to be fair to both parties. As I've explained above, I don't think SMF should have been aware that Miss B was coerced into taking out the agreement as she now argues. So, I can't say it made an error in this regard, when giving Miss B the hire purchase agreement.

When considering a request to write off a balance in full in circumstances like this, I also need to consider whether Miss B had use of the car. Miss B has said she didn't benefit from this agreement. I can see for a short period of time the registered keeper changed. Miss B says her ex-partner tried to sell the car, but it appears the car was put back in her name and was then subsequently repossessed for non-payment.

In June 2022 Miss B spoke to SMF regarding the arrears and imminent repossession of the car. There isn't a call recording of this conversation, but the notes suggest that this is the point Miss B told SMF about her circumstances. However, the notes state that Miss B has said this agreement wasn't one which she was coerced into taking out. We asked Miss B about this conversation and she said she was in a panic as the car was about to be repossessed and that her mental health was suffering based on everything she had experienced. During the telephone conversation Miss B asked if she could keep the car and arranged for a family member to contact SMF to repay the arrears. Unfortunately, this wasn't possible as Miss B had been in arrears for a number of months and hadn't responded to SMF's attempts to contact her. So, the car was repossessed.

Again, I don't doubt what Miss B has told us about her circumstances and her health at the time. However, I can't ignore that it's clear Miss B wanted to keep the car. I can also see that at times Miss B has referred to the car as "my car". This may have been because the finance agreement was in her name as she says. However, given she wanted to keep it and didn't have a separate car, I find it difficult to reach a conclusion that she had no use of it.

So, I can't say it's fair or reasonable in the circumstances of this complaint to require SMF to write off the full outstanding balance for the reasons Miss B has argued. As I've said, I don't think SMF were wrong to let her enter the agreement as I don't think it should have been aware of what she now argues. And, the evidence also doesn't allow me to conclude Miss B didn't have use of the car and received no benefit from it.

However, I would still expect SMF to exercise reasonable forbearance when considering an extremely vulnerable customer who has said she would have difficulty now in repaying the outstanding balance. As I've explained SMF have agreed to consider some kind of reduction once Miss B completes an income and expenditure assessment (so they can see what she can afford and whether she can make meaningful payments). I think this is fair and reasonable in the circumstances and I would encourage Miss B to complete this. I would also remind SMF that it has a responsibility in these circumstances to treat Miss B positively and sympathetically.

Neither party has provided a response to my provisional 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.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

I'm still minded not to uphold this complaint for the same reasons as I set out in my provisional decision, which forms part of this decision. So, it follows that I don't uphold this complaint.

To summarise, as detailed in my provisional decision:

- There's limited information available about the sale which took place. However, Miss B accepts she was aware of the agreement and signed the relevant documentation. And unfortunately, I don't have sufficient evidence to conclude that SMF should have been aware of what she now argues – that she didn't freely enter into the agreement and was being coerced. So, I can't say SMF should've been aware of her wider circumstances and shouldn't have allowed the hire purchase agreement to go ahead.
- I'm not persuaded Miss B had no use of the car. It's clear that when SMP wanted to repossess the car in June 2022, Miss B wanted to keep it and sought family help to try and achieve this. She also didn't have a separate car which she was using instead. So, taking everything into consideration, I'm not persuaded that it's fair to conclude she had no benefit from it. As such I can't say it's fair for SMP to write off the full balance.

SMP has said it is amenable to some kind of reduction in the outstanding balance, subject to Miss B completing an income and expenditure assessment. I think this is a

fair and reasonable resolution to the matter and I would encourage Miss B to engage with SMP in relation to this. I would also remind SMP to treat Miss B positively and sympathetically given she is an extremely vulnerable customer who has told us she's struggling financially.

As I've said, I'm sorry to hear of Miss B's wider circumstances and everything she's been through. And I appreciate this wasn't the outcome she was hoping for. However, I do think this is a fair and reasonable outcome in the circumstances of this complaint.

My final decision

I don't uphold this complaint against Specialist Motor Finance Limited

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 January 2026.

Claire Lisle
Ombudsman