

The complaint

Mr W says Specialist Motor Finance Limited (SMF) were unreasonable not to set up a further payment plan and provided poor service in relation to a finance agreement he has with them.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr W entered into a hire purchase agreement with SMF in October 2023. He complained to them in July 2025 as he was unhappy they wouldn't set up a payment plan to help him to repay his commitments under the credit agreement. SMF explained that as he'd failed to maintain previous arrangements and as an income and expenditure analysis showed he didn't have sufficient disposable income from which to afford any repayments, they couldn't allow him to continue in the agreement as they felt it would cause further financial difficulties for him.

Mr W referred his complaint to this service, but when our investigator didn't think SMF had been unreasonable he asked for a final 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.

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.

Mr W acquired his car under a hire purchase agreement, which is a regulated consumer credit agreement. This means our service is able to consider complaints about it.

I don't think SMF has acted unfairly by declining to set up a further payment plan or by warning Mr W about possible repossession. Overall, I'm satisfied SMF considered Mr W's circumstances, treated him with appropriate forbearance over sustained periods, and reached a reasonable decision based on the information available at the time.

Lenders are expected to show forbearance when a customer is in financial difficulty. That could include breathing space, reduced payments, or temporary repayment plans. But

forbearance isn't unlimited, and firms aren't required to agree arrangements that aren't affordable or sustainable.

Here, SMF completed an income and expenditure assessment with Mr W. That assessment showed that, once essential living costs and contractual payment were taken into account, Mr W had negative disposable income. In other words, there was no surplus from which a repayment plan could realistically be maintained.

In those circumstances, I don't think it would have been responsible – or fair to either party - For SMF to agree a further plan that Mr W had no realistic prospect of keeping to. The evidence also shows SMF had already provided significant forbearance over time, including;

- applying breathing space; and
- setting up several previous repayment arrangements.

I'm satisfied SMF didn't take a rigid or one-size-fits-all approach, but instead reassessed affordability and acted on the outcome of that reassessment.

Vulnerability and disability

Mr W has explained that he is disabled and considers himself vulnerable. Firms are expected to take vulnerability into account and respond with appropriate care and flexibility. That doesn't mean, however, that they must indefinitely suspend enforcement or ignore affordability evidenced.

There's nothing to suggest SMF failed to recognise or consider Mr W's circumstances. The steps they took, particularly breathing space and multiple repayment plans, are consistent with how a reasonable firm might support a vulnerable customer in financial difficulty. Ultimately, vulnerability doesn't create an obligation to agree unaffordable arrangements.

Consumer duty

Mr W relies on the Consumer Duty and says this required SMF to accept further forbearance. The Duty requires firms to act in good faith, avoid foreseeable harm, and support customers to pursue their financial objectives. It doesn't require firms to provide credit on unsustainable terms or to continue arrangements evidence shows are unworkable.

In my view SMF's actions, reviewing affordability, offering prior support, and being transparent about the consequences, are consistent with its obligations under the Duty as overseen by the Financial Conduct Authority (FCA).

Taking everything into account, I'm satisfied SMF; reasonably assessed Mr W's affordability; provided appropriate forbearance over time; took account of vulnerability and acted fairly in declining a further repayment plan and explaining the risk of repossession.

Having considered the income and expenditure call and the communications sent by SMF to Mr W I don't think they were aggressive or that SMF need to take any action in relation to them, for instance, by providing compensation.

For those reasons I don't think SMF need to take any action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 March 2026.

Phillip McMahon
Ombudsman