

## **The complaint**

Mr M complains that Blue Motor finance Limited was irresponsible in its lending to him. While it upheld his complaint, he doesn't find the redress offered is sufficient. He wants the remaining balance on the account removed and his account taken back from the debt collection firm. He also wants his credit file to be amended and compensation for the distress he has been caused.

## **What happened**

Blue Motor Finance entered into a hire purchase agreement (HPA) with Mr M in October 2019, to finance the acquisition of a vehicle. Under the agreement Mr M was required to make 60 monthly repayments of £245.17.

Mr M said that Blue Motor Finance didn't carry out adequate checks to ensure the agreement would be affordable. He explained he was self-employed and already had other debts and was only able to make one repayment before the vehicle was repossessed.

Blue Motor Finance said that had Mr M applied for the agreement under its current credit policy he would likely have been declined and so it upheld his complaint. It proposed to write off the interest charged on the agreement and to reduce the remaining balance to £1,354.16 being £1,599.33 to reflect the fair use he had of the vehicle for 10 months less the £245.17 instalment he paid.

Mr M didn't accept Blue Motor Finance's offer. He said that the full balance should be written off, the payment he made refunded, all adverse information removed from his credit file and he should receive compensation for the upset he had been caused.

Mr M referred his complaint to this service.

Our investigator explained our approach to upheld cases and said it was reasonable that Mr M would be expected to pay for the use he had of the vehicle. They noted Mr M's concerns about his credit file and said that Blue Motor Finance had said that any adverse information would be removed once the outstanding balance had been cleared. They thought this was reasonable and didn't think that any further compensation was required.

Mr M didn't agree with our investigator's view. He said it wasn't fair to be charged for the use of the vehicle given the agreement should not have been provided. He reiterated that he wanted the balance written off, his credit file amended and compensation for the upset he had been caused.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

As Blue Motor Finance upheld Mr M's complaint, I have accepted this. This decision addresses Mr M's concerns that the redress offered by Blue Motor Finance isn't sufficient.

As our investigator explained, when we uphold complaints where goods have been acquired using a HPA which is then identified as being provided irresponsibly, we find it fair that the consumer would be expected to pay an amount for the use they had of the goods. While I note Mr M's comment that had the agreement not been approved the vehicle would not have been supplied, as it was supplied, and he benefitted from the use of the vehicle, I find it fair he pays for this. I have looked through the contact notes that Blue Motor Finance provided and can see that up until July 2020 Mr M was saying he intended to settle the agreement, so at this time, I find it reasonable to accept he was still using the vehicle.

What wouldn't be fair given the acceptance that the agreement shouldn't have been provided would be for Blue Motor Finance to benefit from any interest or charges on the agreement. In this case, Blue Motor Finance confirmed that the interest would be written off and the fair usage cost was then calculated. I find the amount Blue Motor Finance proposed of £1,599.33 for the 10 months reasonable and this means that after deducting the payment Mr M had made of £245.17, he was left with a balance of £1,345.16.

Mr M has asked that his credit file be amended. As our investigator explained, it is important that Blue Motor Finance is reporting accurate information to the credit reference agencies. In cases of irresponsible lending where the consumer is still liable for an outstanding balance, we would expect any adverse information to be removed once the balance has been cleared. Blue Motor Finance has said that this will happen. It has further said that it will work with Mr M to set up a repayment plan for the remaining balance if needed.

So, while I understand that Mr M doesn't think the redress offered by Blue Motor Finance was sufficient, I find that the offer is fair and in line with what we would expect. I note Mr M believes further compensation is needed but I think the actions already offered by Blue Motor Finance provide a reasonable resolution to this complaint.

I've also considered whether Blue Motor Finance acted unfairly or unreasonably in some other way given what Mr M has complained about, including whether its relationship with Mr M might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I think the offer made by Blue Motor Finance is a reasonable response to this complaint. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that the actions already offered by Blue Motor Finance Limited provide a reasonable resolution to this complaint. I understand that the account has been transferred to another company and so Blue Motor Finance Limited should ensure that its offer to reduce the outstanding balance is actioned (to the extent it hasn't already happened). It should also ensure that once the balance has been cleared any adverse information is removed from Mr M's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 May 2026.

Jane Archer

**Ombudsman**