

The complaint

Miss S says Close Brothers Limited, trading as Close Brothers Motor Finance ('Close Brothers') were unreasonable to terminate her finance agreement and default her account when she'd informed them of her circumstances.

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.

Miss S took out a conditional sale agreement with Close Brothers in July 2024 to finance a car. She made payments under the agreement until around May 2025 when her financial circumstances changed due to being on maternity leave.

Miss S contacted the business in August 2025 to explain her situation and discuss a reduced payment arrangement. During a call on the 12 August 2025, she was advised that an income and expenditure assessment would be required before any arrangement could be agreed. Miss S subsequently explained that she could afford to pay £100 per month but no formal repayment plan was agreed.

Close Brothers records show that a payment attempt made by Miss S on the 31 August 2025 was declined and no alternative payment was successfully made. They say they attempted to contact Miss S throughout September 2025 by telephone, e-mail and through third-party visits but were unable to reach her. They say they issued a default notice in July 2025 and later terminated the agreement on the 30th of September 2025 due to arrears and a lack of engagement. Miss S says she didn't receive the default notice or other correspondence and believes the agreement should not have been terminated. She also says Close Brothers failed to properly consider her offer of reduced payments and did not treat her fairly given her circumstances.

Our investigator didn't think Close Brothers had been unreasonable but as Miss S disagreed her complaint has been referred to me, an ombudsman, to make 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.

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.

I appreciate that Miss S experienced a change in financial circumstances and did make efforts to engage with Close Brothers in August 2025. I also recognise that she proposed a reduced payment and attempted to make a payment at the end of that month. But evidence shows that no repayment arrangement was formally agreed following the discussion on the 12 August 2025, and the attempted payment on the 31 August 2025 was unsuccessful and not followed up with an alternative payment.

I've considered Miss S's concerns about not receiving key correspondence including the default notice. Close Brothers haven't, as yet, provided a copy of the default notice itself but they have provided copies of arrears letters preceding the issue of that letter. There's some inconsistency in the evidence about the address held on file at the time. This suggests there may have been some shortcomings in how communication was handled.

However, even taking that into account I'm satisfied that the account had fallen into arrears and that there was no agreed or maintained payment plan in place. I'm also satisfied that Close Brothers made attempts to contact Miss S during September 2025, even if those attempts weren't successful. In those circumstances, it would've been foreseeable that the agreement could be terminated if the arrears weren't resolved.

While I think Close Brothers could have communicated more clearly, and may have handled some aspects of the situation better, I'm not persuaded that those shortcomings caused the termination of the agreement or made the overall decision to terminate unfair. On balance, I'm satisfied that they acted in line with the terms of the agreement and that their decision to terminate was reasonable in the circumstances.

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 Miss S to accept or reject my decision before 19 May 2026.

Phillip McMahon
Ombudsman