

complaint

Mr M complains that he was wrongly informed by Clydesdale Financial Services Limited trading as Barclays Partner Finance (BPF) that he owed no further payments on a hire purchase agreement – when in fact he owed over £7,000. He wants it to accept a reduced sum in settlement and negotiate a payment plan with him rather than sell the debt on.

background

Mr M says he started to purchase an item on hire purchase in 2015. But in 2017 he says circumstances arose which meant he had to initiate a voluntary termination of the agreement. As there was a delay in BPF responding to his request he says he phoned to enquire. He said he was told the termination had been processed and – contrary to his expectations – he didn't owe any further payment. Mr M says this was rechecked and confirmed on two further occasions during the phone call. Whilst he says he felt dubious about the information he waited a month and as no letter arrived he checked his credit file and saw the balance had cleared. So he re-budgeted and entered into other financial commitments. But some time later he received a letter saying he owed over £7,500. He says the reappearance of the debt has caused stress which is affecting both his social and professional life. And he feels BPF should at least meet him half-way on the issue of repayment.

BPF told us an error had occurred. It said Mr M had been wrongly advised he wouldn't need to pay any further monthly instalments and the account would be settled – whereas the correct position was he owed them over £7,500. Whilst acknowledging the mistake it said it didn't exonerate Mr M of his responsibilities and he'd be required to repay the outstanding amount. But it offered £50 for the distress and inconvenience caused. It also said he'd been given correct information in earlier phone calls.

Mr M didn't feel this was fair and complained to us.

The investigator recommended the complaint should be upheld but only to the extent of increasing the compensation figure to £150. He accepted Mr M had been given incorrect information – but felt he'd have still been in the same position of owing the money even if the information given had been correct. And he couldn't ask BPF to waive the debt. But he would ask it to discuss a repayment plan with Mr M before selling the debt on.

BPF agreed to increase the level of compensation to £150 and to hold off temporarily from selling the debt and discuss a possible payment arrangement with Mr M.

But Mr M felt the level of compensation wasn't sufficient and asked for an ombudsman to make the final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see the agreement was a conditional sale agreement which is similar to a hire purchase agreement. The finance provider buys the goods from the retailer – and only when the consumer makes all the payments do they become legal owner.

I understand Mr M experienced upset and concern on learning he owed this money when he'd been previously told the debt was cleared. And I'm sorry that happened. But I'm afraid mistakes do happen and whilst it was regrettable I can't say it should lead to all or part of the debt being remitted.

Mr M accepts he was dubious about the information he was given and he's told us he'd put money aside to pay any outstanding balance on a monthly basis. And I've listened to a phone conversation from the previous month in which he said he expected to owe around £8,000. He was advised the figure was slightly less although might be subject to wear and tear charges. So it's hard to see how Mr M could really believe, as opposed to hope, the debt had suddenly vanished. He must have known any payments made wouldn't cover the outstanding balance.

What I do accept is Mr M altered his financial commitments and when the true position became apparent was left in a more difficult position than might've been the case without the mistake. So when it comes to considering a means of dealing with the debt I think BPF should take this into account. And I'd hope it would at least consider repayment arrangements in a more generous light than might otherwise be required. But I can't tell it what these arrangements should be or whether it should or should not sell on the debt.

I'm aware this will come as a disappointment to Mr M but I agree with the view of the investigator and for the same reasons the complaint should be upheld. But that redress should be limited to trouble and upset caused and not the waiving of any part of the outstanding balance. And I also agree £150 is a fair and reasonable amount.

my final decision

For the reasons given above my final decision is to uphold the complaint.

I'm ordering Clydesdale Financial Services Limited trading as Barclays Partner Finance to pay Mr M £150 in compensation for trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 February 2018.

Stephen D. Ross
ombudsman