

complaint

Mrs W complains that Banque PSA Finance, trading as Peugeot Financial Services, ("PFS"), didn't assist her when she told it that she was experiencing financial difficulties.

background

Mrs W entered into a conditional sale agreement with PFS to finance a car in June 2012. The agreement was for five years with monthly payments of just over £120. She fell into financial difficulties in 2014 due mainly to a family member's illness and bereavement and her own health difficulties, and she told PFS about this. PFS agreed a payment break between April 2014 and August 2014. Mrs W then agreed to resume her monthly payments, but she has made only three payments since then. Mrs W also told PFS that she was selling her house and would pay the balance owed by the end of June 2015, but this didn't happen. Because of this, PFS terminated the account and wishes to seek a court order to repossess Mrs W's car. Mrs W still wishes to agree a repayment plan with PFS and keep the car, but because of her past promises to pay which haven't been kept, PFS will no longer agree to a repayment plan. Mrs W is also unhappy that a third party was instructed to visit her home and take photos of it without warning, and that she has received differing information from PFS and its solicitors as to the amount owed.

The adjudicator didn't recommend that the complaint should be upheld. She said that she thought that PFS had tried to assist Mrs W. She said that the payment break was a reasonable solution as it would have given Mrs W some breathing space and more time to pay off the loan. She also noted that Mrs W still had the use of her car even though monthly payments hadn't been maintained. PFS had also stopped applying interest and charges to Mrs W's account. She also noted that Mrs W had said that once the sale of her house went through in June 2015, she would be in a position to settle the loan fully. But the house wasn't sold. So, the adjudicator didn't think it was unreasonable that PFS would no longer agree to a repayment plan.

Mrs W disagreed and responded to say, in summary, that she still wanted to agree a repayment plan with PFS and keep her car which she needs for work. She said that she had never been offered a payment plan. She also said that she hadn't received responses to all her questions, including an update on the correct amount due in view of the differing figures provided to her. She also said that she had been told by PFS that she couldn't make repayments to it, although she had been able to make some payments online.

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 have sympathy for Mrs W's situation and I can see that she has had to contend with a family member's illness and then a family bereavement in May 2014, and that she suffered health problems herself. I can see that these have caused her to experience financial difficulties and she has discussed these with PFS on a number of occasions on the phone and she also wrote to it.

Mrs W wrote to PFS in September 2014, and said that she would be able to resume repayments, but she has since made only three more payments at the end of September 2014, at the beginning of April 2015, and she paid £20 in September 2015.

PFS said on 22 January 2015 that it could offer Mrs W a repayment plan, but it required an immediate payment as it hadn't received a payment for nearly four months. But I can see that the next payment was not received until several months later.

Mrs W also wrote to PFS in late April 2015 and said that she could make her monthly contractual payments from the end of April 2015 plus payments towards her arrears. She also said that her house was being sold and that her account balance would be paid off by the end of June 2015. PFS said that it would hold her account for four weeks on condition that it received evidence from Mrs W that her house sale was imminent. But no such evidence was received, and no further payments were made until Mrs W paid £20 in September 2015.

Mrs W also complains that PFS ignored correspondence received from a debt charity ("C") offering lower repayments. The adjudicator spoke to PFS about this and it said that Mrs W had explained that she was being assisted by C. PFS asked Mrs W for evidence of this which was never received. PFS also spoke to C who said that they hadn't assisted Mrs W in 2015.

When a borrower is in financial difficulties, a lender should act positively and sympathetically. That doesn't mean it has to take any particular course of action. But here I can see that PFS agreed a five month payment break with Mrs W in 2014. It stopped applying late payment interest and charges to Mrs W's account. It agreed to accept only the monthly contractual payment amounts until Mrs W's house was sold in mid-2015, as it was told that the balance would be payable from the sale proceeds. But the house has not been sold and the last monthly payment amount was made in early April 2015. PFS had sent an income and expenditure form to Mrs W to complete which it required to agree a repayment plan, but PFS has never received the completed form. I can also see from PFS's contact notes that Mrs W made a number of specific promises to pay, for example in May 2014 and November 2014 which unfortunately were not kept.

I think that PFS has been more than patient with Mrs W and it has agreed to wait for payments upon the basis of Mrs W's promises for more than a year which have not been kept. So, I can understand why PFS wants to take action to repossess the car rather than agree a repayment plan with Mrs W in view of the amount of time that has passed and the amount of times Mrs W said that she would make payments, but hasn't.

Mrs W also refers to a letter from PFS's solicitors in July 2015 which said that £4,571.63 was due from her. I note that PFS's annual loan statement said that £4,090.32 was due, although this has since been revised to £4,070.32, as Mrs W paid £20 in September 2015. I can see that the annual statement said that the closing balance was the sum of all future amounts payable under the agreement. It didn't include any amounts due as a result of Mrs W's breaches of the agreement. The agreement which Mrs W signed showed that if the agreement was breached, charges would be payable for repossession, auction costs, a customer report, collection costs prior to repossession and legal costs. PFS's solicitors said in their letter dated July 2015 that the figure of £4,571.63 included interest and costs. It has since clarified that the amount shown includes the fees for obtaining a Return of Goods Order. In addition it said that if Mrs W didn't remedy the breaches and legal action was taken, the full amount under the agreement would be due and the early settlement discount applied on termination would be cancelled in line with the agreement terms.

I also noted that the annual loan statement in 2015 showed an amount of £125 being added to the account in March 2015, but an amount of £108.07 was deducted at the same time. I asked PFS to explain these amounts. It said that the amount of £125 was the administration fee due to be paid with the final instalment, and the £108.07 was the rebate of interest due on termination. I can see that the £125 fee was shown in the agreement.

Mrs W also said that she was not warned by PFS about two visits to her house by an agent instructed by PFS in February and March 2015. They had taken photos of her house without her consent and they had asked for the keys to her car, but she didn't know who they were. But I can see that PFS had warned Mrs W in May 2014 that her details had been passed to one of its authorised debt collection agencies to call at her property. It had explained that the visit could result in the repossession of the car and that she would be liable for the agents' fees. I can also see that PFS emailed Mrs W in January 2015 to say that it had instructed agents concerning the return of the car, and that further charges up to £300 could be incurred. I can also see that PFS spoke to Mrs W about the agents in late March 2015, and that the letter from PFS dated mid-April 2015 explained why the agents were instructed. I also understand that the photos have now been deleted.

Mrs W also said that she had been told by PFS that she couldn't make payments to it. But I can see that she was told that she couldn't make payments by direct debit as her agreement had been terminated, but that she could instead pay by direct bank payment or standing order. I can also see that PFS made many calls and texts to Mrs W to try to obtain payment from her.

So, although I have sympathy for the position in which Mrs W now finds herself, in all the circumstances of this complaint, I don't think that PFS has dealt inappropriately with Mrs W.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 5 February 2016.

Roslyn Rawson
ombudsman