

## **complaint**

Mr I complains that FCE Bank plc, trading as Ford Credit, has recorded a default on his credit file. He's being helped with his complaint by a representative.

## **background**

A car had been supplied to Mr I under a hire purchase agreement with Ford Credit and he was making monthly payments to it of £209.93. He settled that agreement and made a settlement payment to Ford Credit in December 2017 which it says it received in January 2018. He'd entered into a new hire purchase agreement with Ford Credit under which it supplied him with a new car and he agreed to make monthly payments of £222.16.

A payment of £209.93 was collected from Mr I's account in January 2018 but was credited back the same day – and another credit of £209.93 was made to his account six days later. Ford Credit claimed a refund of £209.93 from Mr I but he didn't pay it so he was sent a default notice in June 2018 for £222.74. He didn't pay that amount by the due date so a default was recorded on his credit file and Ford Credit assigned the debt to a third party.

Mr I complained to Ford Credit in October 2018 and it sent him its final response letter later that month. His representative complained to Ford Credit in March 2019 and it sent a response to that letter. A complaint was then made to this service in April 2019.

The investigator recommended that this complaint should be upheld in part. She said that Mr I's account had been credited in error and the credit hadn't been returned to Ford Credit so he was pursued for the payment – which he was obligated to pay back. She thought that Ford Credit could have done better by identifying the issue earlier and properly explaining the discrepancy on his account. So she recommended that it should pay him £100 for the poor level of service that it provided.

Mr I has asked for his complaint to be considered by an ombudsman. He's provided extracts from his bank statements and says, in summary, that for some unknown reason Ford Credit credited his account with £209.93 in January 2018 so has put money into his account by mistake causing an over payment which was unknown to him and that an over payment does not constitute a default on a credit agreement. He says that the credit agreement had been settled in December 2017 so he doesn't understand how Ford Credit was allowed to register a default. He says that the default should be removed from his credit file.

Ford Credit says that Mr I's complaint wasn't made to this service until more than six months after its final response letter so this service shouldn't be investigating his complaint. It also says that it advised Mr I about the shortfall verbally within one day and provided him with written information about it within eight working days so it did not fail to properly explain the discrepancy on his account and there should be no payment of £100. It says that it's not at fault and Mr I received excellent customer service.

## my findings

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

Mr I complained to Ford Credit in October 2018 about the default that it had recorded on his credit file. It sent him a final response letter later that month. His representative complained to Ford Credit in March 2019 and it replied to that letter and said:

*"Please note that this is our final response. If you are dissatisfied with it you have the right to refer your complaint to the Financial Ombudsman Service, free of charge – but you must do so within six months of the date of this letter".*

A complaint was then made to this service in April 2019 – which was within six months of Ford Credit's October 2018 response to Mr I and its response to his representative in March 2019 had said that a complaint could be made to this service within six months of the date of that letter – which would be by September 2019.

I consider that Mr I did complain to this service within six months of Ford Credit's final response letter so I consider that this service does have jurisdiction to consider his complaint.

It's clear that there has been some confusion about Mr I's account. Mr I made a payment to settle his hire purchase agreement which Ford Credit says it received in early January 2018. But it says that the direct debit for the January payment was already in process at that time so a payment of £209.93 was paid to Ford Credit from Mr I's bank account and it credited the payment back to his account the same day. Six days later a further credit of £209.93 was made to Mr I's account which must have been an error.

That resulted in Mr I receiving £209.93 from Ford Credit to which he wasn't entitled. It asked him to repay the money but he didn't do so. A default notice was issued to Mr I in June 2018 requiring him to pay it £222.74 before a specified date. He didn't make that payment by the due date so a default was recorded on his credit file and it assigned the debt to a third party.

There have been on-going exchanges between Mr I and Ford Credit about the payment that he disputes and the default that it has recorded on his credit file. I consider that he owed it £209.93 because of an error that it had made and that it should have done more to properly explain to him the reasons that he owed it £209.93. Its error, and its failure to properly explain the debt, will have caused Mr I some distress and inconvenience. I agree with the investigator that it would be fair and reasonable in these circumstances for Ford Credit to pay him £100 to compensate him for that distress and inconvenience.

But I'm not persuaded that there's enough evidence to show that the default has been recorded incorrectly. The payment of £209.93 was made by Ford Credit to Mr I's account to refund him for the payment that it had taken from his account under the direct debit that had been set up to make the payments that were due under the hire purchase agreement – but Ford Credit refunded that amount to his account twice. I consider that Mr I ought reasonably to have been able to see that he'd received £209.93 from Ford Credit to which he wasn't entitled and that it would be reasonable to expect him to have repaid that amount to it. He didn't do so, even after a default notice had been sent to him, and that's why the default has been recorded on his credit file.

So I find that it wouldn't be fair or reasonable in these circumstances for me to require Ford Credit to remove the default from Mr I's credit file – or to take any other action in response to his complaint (other than the payment of £100 referred to above).

**my decision**

For these reasons my decision is that I uphold Mr I's complaint in part and I order FCE Bank plc, trading as Ford Credit, to pay him £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 28 June 2020.

Jarrold Hastings  
**ombudsman**