

complaint

Mrs B complains that Secure Trust Bank PLC, trading as Moneyway ("STB") wrongly charged her for car repairs that it did not carry out, incorrectly registered a default against her credit file, and provided her with incorrect information.

background

Mrs B told STB that she wished to voluntarily terminate her hire purchase agreement with it in October 2013. She had paid over half of the monies due on her agreement. STB arranged an independent inspection of her car. The inspector found that there were repairs needed which he estimated would cost £363. STB also charged a collection fee of £150. Mrs B said that STB told her that the repair works had been carried out. Mrs B initially agreed to pay the charges by three monthly instalments. But then she did not do so as she discovered that the repairs had not been carried out, although the car had been sold. She also said that she had been told by other garages that the estimate of the repair works was unreasonable. She wants the £363 to be written off.

Mrs B also complained that STB had wrongly issued a default notice for the non-payment of her instalments under the hire purchase agreement, but these were not due as she had terminated the agreement. As Mrs B did not pay these, STB then incorrectly applied a default to Mrs B's credit file. Mrs B said that this was preventing her getting credit at a reasonable interest rate. She is seeking compensation for the distress caused to her by the inaccurate information provided to her by STB and by its errors in issuing a default notice and registering a default. She has also noted that there are late payments still shown on her credit file and she wants these removed.

STB said that it was entitled to charge Mrs B for the estimated cost of the repairs under the terms of her hire purchase agreement. An independent inspector had inspected the car for damage which was listed in his report and illustrated by photos. It had chosen not to carry out the repairs, but as a consequence the damage impacted on the price it received when the car was sold.

STB accepted that it had incorrectly applied a default to Mrs B's credit file and it has removed the default information from her file at one of the credit reference agencies. It offered to pay Mrs B £100 compensation, which it would credit against the balance due. It also said that it would remove the late payment markers from Mrs B's credit file once Mrs B had paid the balance due of £433.40 (the amount due when the £100 compensation is credited to Mrs B's account).

The adjudicator concluded that STB's offer to reduce the balance owing to £433.40, and to remove the late payment markers from Mrs B's credit file once her balance was settled, was reasonable. He agreed that STB was entitled to charge for the estimated cost of repairs under Mrs B's agreement, and noted that the inspection of the car had been carried out by an independent inspector.

Mrs B disagreed and responded to say, in summary, that the adjudicator had not taken into account all the inaccurate information she had been told by STB, and that the repair work listed by the independent inspector was not reasonable. She also said that she had not received an apology from STB, and that the arrears on her account were affecting her credit file. She was disputing the arrears, but not refusing to pay them.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I note that the hire purchase agreement provides that on termination of the agreement, Mrs B must pay the reasonable cost of repairing the car and restoring it to good condition. An independent inspector has provided a report and photos to show the damage. The report also indicated that Mrs B accepted that the damage was present. Mrs B disputes the cost of the repair works provided by the inspector but, has not provided any evidence to show that it is unreasonable.

Mrs B is also unhappy that the repair works were not in fact carried out, when she had been told that they had been. I can see that STB sold the car for less than its value, so I accept that it was reasonable for it to recover the amount of the repair estimate from Mrs B. Even if Mrs B had been misinformed about the repair work, ultimately I agree that she owed money in relation to this.

STB apologised to Mrs B for its error in registering a default in its letter dated 5 February 2014. It has also removed the default information from Mrs B's credit file with one credit reference agency. Mrs B said that the default information was still on her credit file at other credit reference agencies. If it has not done so already, STB should remove the default information from all of Mrs B's credit files.

I can see that Mrs B agreed to a repayment arrangement to repay the cost of the repairs and collection costs. This was confirmed in a letter from STB to Mrs B on 13 November 2013. The letter said that if Mrs B did not keep to the arrangement, collections activity would be commenced. Mrs B decided not to keep to the arrangement as she disputed the repair costs. But as she accepted the collection costs of £150, I would have reasonably expected her to pay for these. So, I do not consider that STB acted incorrectly by applying late payment information to Mrs B's credit file. But STB has offered to remove the late payment markers from Mrs B's credit file once she has repaid the balance owed, and I consider this to be reasonable.

I note that Mrs B is seeking compensation for the distress caused by the registration of the default and the inaccurate information provided to her. I have not seen any evidence in STB's customer contact notes of the inaccurate information Mrs B said it told her, but it seems plausible that she received some incorrect information. Nevertheless, I consider that the £100 compensation offered by STB is appropriate compensation in all the circumstances of this complaint.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of it, I order Secure Trust Bank PLC, trading as Moneyway, to:-

1. Credit Mrs B's account with £100 compensation;
2. Remove the late payment markers from Mrs B's credit files at the credit reference agencies when she has settled her account balance; and
3. If it has not done so already, remove the default information from Mrs B's credit files at all the credit reference agencies.

Roslyn Rawson
ombudsman