

The complaint

Miss B is unhappy with how PSA Finance UK Limited treated her when she told it about financial difficulty in relation to a hire purchase agreement and with how it recorded information on her credit file.

What happened

In October 2022 Miss B signed a hire purchase agreement to acquire a used car. The car cost £16,100 and Miss B paid a deposit of £1,701. She was due to make regular repayments of £247.04 a month, starting in November 2022.

Before the first payment was due, Miss B contacted PSA and said she was in financial difficulty due to contracting an illness. She said she was signed off work and was only in receipt of statutory sick pay (SSP). She asked to start making repayments towards the agreement from the end of December 2022.

PSA said initially it would not offer a payment deferral, but asked Miss B to provide it with bank statements and an income and expenditure report ('I & E'). Miss B later provided these and PSA then explained to her that, having reviewed things, it appeared she was in receipt of an income for October, November and December 2022 rather than SSP. So it said it was right to not reschedule her payments.

Miss B responded to PSA and said she wasn't paid in full for November and December 2022. And she said her bank statements didn't show her full outgoings as these were sensitive.

PSA responded and said, in summary, that it still believed the payments would've been affordable as her bank statements showed a surplus. But, it offered to come to a repayment plan for any arrears. Miss B was unhappy with this and complained about the situation. She also said she was unhappy PSA had reported arrears on her credit file.

PSA sent Miss B a final response in March 2023. This said, in summary, that it wouldn't offer a payment deferral. It instead offered a payment plan, to allow November's payment to be split into three payments of around £83 a month. It said it was happy this was affordable for Miss B. But, it said Miss B had declined the repayment plan.

PSA also said it needed to report accurate information to credit reference agencies and so it wouldn't amend this.

Miss B then referred the complaint to our service. She said she had made all of the payments and PSA had been allocating them incorrectly to her account. She said she didn't have the funds to make additional payments when PSA said she did. And she said the situation had prevented her buying a house.

Our investigator issued an opinion. She explained, in summary, that she thought PSA had treated Miss B fairly when she made it aware of her financial difficulty. And she said it appeared PSA had correctly recorded information on her credit file.

Miss B responded and remained unhappy. She said she had never asked for a payment break, she asked that the first payment be made at the end of December 2022. She said she collected the car on 7 November 2022, so the first payment should've been taken a month after that. And she said she couldn't afford any extra outgoings from a repayment plan. Miss B also said our investigator should listen to all of the calls she had with PSA.

Our investigator said this didn't change her opinion. Miss B remained unhappy, so the case has been passed to me to decide.

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.

Having done so, I don't think this complaint should be upheld. I'll explain why.

I should start by explaining to both parties that I will focus my decision on what I consider to be the key evidence and the crux of Miss B's complaint. I've carefully reviewed all of the information on the case, and where I haven't commented on a specific point this isn't because I consider it unimportant, my approach just reflects the informal nature of our service.

Miss B complains about the administration of a hire purchase agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity, so I'm satisfied I can consider Miss B's complaint against PSA.

I've firstly considered whether Miss B should've been reasonably aware of when the payments were due to start. She says she expected this to be around 7 December 2022.

I've considered what the agreement Miss B signed in October 2022 says here. This explained:

"1 payment of £247.04 payable one month after the date of this agreement, followed by 46 payments each of £247.04"

"Your monthly payment is due every month on the same date as your first payment"

The above information is also echoed on the 'pre contract credit information' which appears to have been printed on the same day as Miss B signed the agreement.

I've also thought about a welcome letter that was sent to Miss B shortly after she agreed to the finance. This explained payments were due:

"From 26/11/2022 47 payments of 247.04 GBP (payable on the same date each month)"

So, I think this makes it clear Miss B was expected to make the first payment towards the agreement in November 2022. And I'm satisfied when Miss B actually collected the car doesn't change this.

I've then gone on to consider if PSA did enough to support Miss B when she told it about her financial difficulty. The Financial Conduct Authority ('FCA') explains in the Consumer Credit Sourcebook ('CONC') that firms should treat consumers in arrears or default with forbearance and due consideration. I should note when Miss B first contacted PSA, she wasn't in arrears as a payment hadn't fallen due, but I'm satisfied I can still generally

consider PSA's actions at this time. And the overall Principles for Business (PRIN) set out by the FCA would apply either way.

It's important to note here that Miss B is adamant she didn't ask for a payment break, as PSA said she did, and instead only asked for the start of the payments to be delayed. But, I think in essence both parties mean the same thing here. Miss B did ask for her payments to be delayed, but to a date over a month past the point where the first one was due. So, whatever way you describe this, I'm satisfied Miss B asked for a monthly payment not to be taken in November 2022.

It appears Miss B initially told PSA that she was only receiving SSP. But, I agree with PSA that looking at her bank statements, it doesn't appear this was the case. Having reviewed the information Miss B provided to PSA, I can see why it reached the conclusion that the repayment in November 2022 would've been affordable for her. And, while she did receive a reduced salary in November and December 2022, PSA have correctly pointed out that there was a 'surplus' from these incomes across this period left in her account.

I appreciate Miss B says not all of her outgoings are on the accounts as these are sensitive. But, PSA could only review Miss B's situation based on the information she provided to it.

Either way, and all of that being said, I'd expect to see PSA help Miss W where she had financial difficulty due to unforeseen circumstances. But I need to consider the timings here, along with what's fair and reasonable.

It appears Miss B already knew about the illness when she entered into the agreement. And looking at the contact notes from PSA, it appears Miss B told PSA she was already signed off work, due to this specific illness, when she took out the credit. As above, I'm satisfied she would've understood at the time that payments were due to begin a month later.

If this situation did cause Miss B temporary financial difficulty that led to issues with the November 2022 payment, I think it's reasonable to assume she may have been aware of this prior to taking the finance.

Considering all of this, under the very specific circumstances of this complaint, I think PSA's approach of offering Miss B a repayment plan to make up the missed payment was reasonable under the circumstances and it didn't need to take further action such as allowing her a payment deferral.

It's also worth noting here that Miss B has mentioned PSA allocating payments incorrectly – but I've seen no evidence of this.

I've then gone on to consider Miss B's credit file. As above, I think Miss B should've been aware the initial payment was due and PSA's approach to the circumstances was reasonable. I'm satisfied that Miss B didn't make the initial payment when it was due and so the account went into arrears. And I don't think PSA have acted unfairly by recording this on her credit file.

I believe Miss B may still be in arrears on the account. I would politely suggest to her that it might be prudent to contact PSA to discuss rectifying the situation. And I'd politely remind PSA to treat her current situation with forbearance and due consideration.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 3 November 2023.

John Bower
Ombudsman