

The complaint

Mr A has complained about how Hitachi Capital (UK) Plc has handled his finance agreement.

What happened

Mr A bought a number of items of furniture from a third party supplier, using a fixed sum loan agreement with Hitachi. Unfortunately, it later turned out that some of the items weren't available, so the supplier provided a credit refund against the loan agreement for these.

However, Mr A then discovered that Hitachi was still taking his full original monthly repayments, and recorded a late payment marker on his credit file. He had expected the amounts to be lower, due to the credit refund.

Mr A then contacted Hitachi to request that he be paid the value of the credit refund directly. This would leave the original total sum of the agreement, but allow him to buy the unavailable items elsewhere. This would be preferable, as it would mean he wouldn't need to approach another finance provider for the funds to buy these items, which would mean a further creditor on his credit file. Hitachi said this wasn't possible. But it reduced the monthly repayments to reflect the new sum financed, and said it would remove the late payment marker. It said it would pay Mr A £50 in recognition of this, which he didn't accept.

Mr A brought his complaint to our service. Since then, Hitachi has offered a further £75 compensation, as it recognised it hadn't removed the marker in a timely fashion, and assured Mr A that it had now arranged this.

One of our investigators looked into what had happened. Although he understood why Mr A may want just one loan agreement, he explained that Hitachi had been correct in not paying him the cash for the unavailable items. This was because Mr A's agreement was a point of sale loan, and a form of restricted credit. The credit must be used for the specific items, paid directly to the supplier. He thought that the total of £125 compensation that Hitachi had offered was fair, for the issues surrounding Mr A's credit file.

Mr A disagreed. This was for a number of reasons, as he feels Hitachi acted unfairly. He feels this has affected his credit score, and he's been turned down for other loans as a result of the marker on his credit file.

The complaint was then passed to me. As I thought Mr A should be paid further compensation, I issued a provisional decision to explain my reasoning. I said as follows.

I'm very sorry to hear about what happened to Mr A. Moving into a new home and furnishing it is a stressful and expensive time. I understand why it was very frustrating when it turned out that not all of the furniture was available. But our investigator is correct in saying that the finance agreement entered into was for specific goods - that's the nature of the product. Accordingly, the supplier refunded Mr A's account with Hitachi for those that were

unavailable. However, Mr A quite rightly didn't expect his repayments to remain the same. Hitachi's correspondence and customer service fell short here. It was also exacerbated by not removing a marker on Mr A's credit file, when it should have done – and assured him it would. In total, it's offered him £125 compensation.

Mr A has made a number of points about what's happened. I don't refer to all of them here. That isn't because I've disregarded them. It's because I've referred to the key issues that I think lead to a fair outcome. Specifically, he feels he's been turned down for finance.

Lenders make decisions that are based on a number of factors, and I'm unable to say whether the marker being unfairly applied, and then not removed in a timely fashion, led to Mr A having credit refused. I've not seen any evidence that it did.

That said, it's clear the matter's been very stressful for Mr A, and he's had to spend considerable time trying to sort things out. Hitachi has offered Mr A £175 compensation, but I feel this should be increased, to a total of £300. I think this more fairly reflects the upset caused.

It's my provisional decision that Hitachi Capital (UK) Plc should pay Mr A a total of £300 compensation, insofar as it hasn't already.

Mr A disagreed. In summary, he said:

- The £50 compensation was for a totally different issue, which doesn't form part of this complaint. He accepted this at the time.
- He was offered £75 in respect of the missed payment marker, but did not accept it, and hasn't been paid it.
- He has not complained about not being given cash for the unavailable items, as he understands why this is.
- He provided evidence that two lenders turned him down because of his credit score. Although he has other stable credit lines, his score was affected and took a long time to recover.
- £300 is very unfair, and Hitachi needs to learn from what's happened.

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.

I note that Mr A isn't complaining about not receiving cash for the unavailable items. I apologise for referring to this, and will not consider this point further.

As regards the £50 already paid, I accept this was to do with a separate matter of maladministration. I referred to this to give a full background picture. I apologise if this caused confusion. In the remainder of my decision, I will refer only to compensation in respect of Mr A's credit file, without taking into account the £50.

I accept that it's very likely that Mr A was turned down for credit from two other lenders, because of the entry Hitachi made. I say this because otherwise, his score had been

excellent. So, I have to consider the impact this had on him. It must have been very upsetting and inconvenient. But, I must be mindful that Mr A has said he had other stable lines of credit. So, I am satisfied that £250 is fair to represent this, and is in line with similar awards made by our service. I need to explain that I've focused on the impact on Mr A specifically, and to remedy this. It's not my role to punish businesses, as our service is not a regulator.

Putting things right

To put things right, Hitachi should now pay Mr A a total of £250 compensation (insofar as it hasn't already). For the avoidance of doubt, this does not include the £50 already paid, which I'm satisfied is for a separate matter.

My final decision

It's my final decision that Hitachi Capital (UK) Plc should take the action set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 January 2024.

Elspeth Wood
Ombudsman