

The complaint

Miss C complains that Itc Compliance Limited ("Itc") did not treat her appropriately when she began to experience financial difficulties.

What happened

In April 2022 Miss C entered into a hire agreement for a car with Itc. The agreement was due to last for 36 months and the monthly repayments were around £330.

Out of the blue, in around June 2022, Miss C received a demand for payment from one of the companies that supplies utilities to her home. Unbeknownst to Miss C she had been underpaying it for several years and had therefore run up a large debt with it. Once the utility company realised this it asked her to immediately start repaying it. The new bill from Miss C's utility company amounted to thousands of pounds.

The large bill threw Miss C's finances into disarray. Miss C could no longer afford to make her repayments towards her hire agreement. Therefore, Miss C sought debt advice from a third party organisation that advised her that her utility bill was a priority bill and she had to pay the utility company before her other non-priority bills. The third party company told Miss C that her hire agreement was a non-priority bill.

Further, the third party told her that as she was seeking debt advice she was entitled to a 60-day moratorium period, giving her a period of legal protection from creditors, to enable her to seek debt advice and find an appropriate solution for her circumstances. This protection is known as breathing space. The Insolvency Service is meant to notify relevant creditors when the breathing space period begins.

According to Miss C, she told Itc that for the time being she'd have to stop making repayments to it. But she also told it that this would only be a temporary situation as she just needed a bit of time to get her finances in order again. She therefore asked it for breathing space.

However, Miss C tells us that Itc consistently refused to listen to her and did not offer the help it should have done. Moreover, once the 60 days were over, Itc incorrectly assumed that she wanted to cancel the hire agreement and started the process to cancel the agreement and take back its car. Miss C let it know this is not what she wanted but Itc then told her that it would only let her keep the car if she paid off all the arrears in one go which she could not do. Therefore, it disregarded what she had said about not wanting to cancel the agreement, cancelled it and took back its car.

Miss C found this all the more upsetting because she suffers from anxiety so cannot use public transport and needs a car for work. Moreover, in the midst of all this a close relative was ill. Subsequently, Miss C's relative died. Prior to finally collecting the car Itc had showed up at her house, without notice, while she was at work which caused her stress and further upset. After this until Itc finally took the car away she was on tenterhooks about it showing up unannounced again and taking the car, which also caused her feelings of uncertainty, anxiety and distress.

Dissatisfied Miss C complained to our service.

Once Miss C's complaint was with us Itc sent us its response and Miss C sent us new information, I've summarised below what each of them told us.

According to Itc Miss C missed her June 2022 repayment and she did not tell it in advance that this was going to happen. Shortly afterwards Miss C contacted it to let it know that she was experiencing financial difficulties and seeking debt advice and asked for breathing space. Despite asking for breathing space she also nonetheless indicated she'd make a one-off catch-up repayment to it on 30 June 2022 (her normal repayment date was on the 9th of each month). In addition Miss C told it thereafter she'd be able to resume her repayments as normal. Itc agreed to accept late payment and did not charge her for this.

Come 30 June 2022 Miss C made no repayment instead she told Itc she'd need further breathing space until 15 August 2022. That said she also agreed she'd restart her contractual repayments in August once the breathing space had stopped. Again Itc agreed to accept the late payment and did not charge her for this. However, no payment was made in August. Therefore Itc contacted Miss C in September 2022 to let her know she now had arrears of four months payments. In this month it also received the first notification it had ever received from the Insolvency Service about the breathing space. The Insolvency Service told Itc in this notification that the breathing space had ended on 15 August 2022, but Itc had never received a notification from it, when the breathing space began.

Miss C told Itc that she was considering legal action against it. She also indicated that she wanted to cancel the agreement but then changed her mind. However, by October 2022 it was clear to Itc that Miss C could no longer afford her contractual repayments, and neither could she make up the arrears. Therefore Itc issued a termination notice. Itc made several arrangements with Miss C to collect its vehicle, but these fell through. Ultimately though it collected its vehicle in November 2022. In December 2022 Miss C contacted Itc to let it know she was prepared to set up a repayment plan of £1 to month to pay off the outstanding balance of the agreement.

Miss C told us on reflection she wanted £10,000 to compensate her for the way Itc had gone about things and £5,000 for distress and inconvenience.

One of our investigators looked into Miss C's complaint. Our investigator did not recommend that it should be upheld.

Itc accepted our investigator's recommendation, Miss C did not. In summary, Miss C indicated that she is not the only customer who is unhappy with Itc, and she sent us some customer reviews. According to Miss C these reviews show that Itc is acting inappropriately towards its customers in general and her in particular. She expressed the desire that Itc would go out of business. Moreover, Miss C underlined that for her £15,000 does not really go far enough to compensate her for what she thinks Itc has done wrong.

Miss C asked that an ombudsman review her complaint.

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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. Rather, I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

I regret to hear about Miss C's bereavement, and I am sorry for her loss.

Miss C and Itc disagree about some of the key points in this complaint. Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The catalyst for the whole sequence of events that led to Itc taking back its car seems to be the unexpected utility bill which Miss C was obliged to pay in very short order. Nothing I've seen suggests that Miss C had any difficulties making the repayments up until this point. So this indicates that once Miss C received the bill and had to start paying it she began to experience financial difficulties due to a significant change in her circumstances.

Miss C wanted a chance to get her finances in order following this unexpected bill and in the circumstances I would have expected Itc to respond to Miss C's attempts to get debt advice and her financial difficulties by following the regulations that relate to the breathing space provisions and with due consideration and forbearance. And whilst I realise that Miss C will disagree with this, I think Itc did meet its obligations here. I say this for the following reasons.

According to Itc's records which I've no reason to doubt, and also according to the correspondence I've seen between the parties, initially Miss C indicated that her financial difficulties would be very short-term. Specifically she led Itc to believe that she just needed to delay her repayment until the end of June, at which point she'd be able to resume her full monthly repayments and catch up on her arrears. And Itc agreed to this and did not apply any interest or charges for this nor contact her.

Thereafter when Miss C indicated she'd not be able to make a repayment and clear her arrears until 15 August 2022. And once again Itc accepted this, and it did not charge her for this neither did it contact her within the breathing space period.

However, by September 2022, as far as Itc was aware Miss C's money troubles were over. The breathing space had ended. She told it previously that she'd be in a position to restart her repayments and clear her arrears. In these circumstances, it was not unreasonable of Itc to ask Miss C to clear her arrears at this point.

The difficulty was that unknown to Itc, Miss C's finances had not seemingly improved sufficiently for her to even make her normal monthly repayments never mind catch up with her arrears. Moreover given in December 2022 Miss C could only offer to pay £1 per month towards her outstanding debt, I think there was no realistic prospect of Miss C being able to resume her monthly repayments and pay the arrears even if the arrears had been spread over a longer period.

Moreover, the contract between the parties provided that Itc could end the contract in these circumstances. And given that Miss C had agreed to the terms of the contract. I don't see why fairly and reasonably Itc should not have been able to rely on those contractual terms in the very particular circumstances of this complaint.

Therefore for all of these reasons I am satisfied that bringing the agreement to an end swiftly to stop more arrears building up was the most appropriate solution.

I realise Miss C indicates that Itc got the wrong end of the stick because she did not want to cancel the agreement and she does not think she gave it the impression that she wanted to either. But I've read the correspondence between them, and it reads as if cancelling the agreement was what she was asking Itc to do. So I've no proper basis for saying Itc made a mistake in thinking this is what she wanted. And even if Miss C did not want to cancel the agreement I think in the circumstances it was the most appropriate option, as I've already said.

According to the information I've seen including the correspondence between the parties, Itc did not make several attempts to collect the car without telling Miss C about it. Rather it told

her what it intended to do, and Miss C gave the impression she agreed with this course of action. So I don't agree Itc acted inappropriately.

I take on board that Miss C was vulnerable due to her mental health issues and her caring responsibilities. Moreover, then sadly Miss C's relative became ill and subsequently Miss C was bereaved and that made her vulnerable too. And I think Itc knew or ought reasonably to have known that Miss C was a vulnerable consumer for these reasons.

That said, nothing about how Itc went about trying to respond to Miss C's requests for breathing space, and for further help with her financial difficulties makes me think it did not deal with her fairly given her vulnerabilities. In addition nothing about how Itc went about trying to end the agreement and collect its car makes me think that Itc did not treat Miss C fairly as a vulnerable consumer.

I've read the customer reviews Miss C sent in. But they don't tell me anything about what most likely happened in the very individual circumstances of this complaint and that is what I've got to look at. For example they don't suggest that there is or was such a pattern of bad behaviour on Itc's part that I have to accept Itc likely customarily treated its customers, including Miss C, in an unfair manner.

I recognise that Miss C was going through a very tough time when the events covered in this complaint were unfolding. But since I've not found that Itc acted inappropriately I've no proper basis to say Itc must pay Miss C any compensation.

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 C to accept or reject my decision before 10 August 2023.

Joyce Gordon
Ombudsman