

The complaint

Mr N complains about the amounts included on a hire purchase agreement, under which a car was supplied to him, and which he says was mis-sold to him by Whichdeal Limited, trading as Creditplus.

What happened

A used car was supplied to Mr N in October 2021 under a hire purchase agreement with a third party for which Creditplus was the credit intermediary. He complained to Creditplus later that month about the charges that he was paying. It agreed that a package of warranty products had been sold to him without highlighting that it was two separate products and that he wasn't given the opportunity to opt in or out of one of the products (but he wanted the warranty) so it agreed reimburse the cost of £99 for the other product. It also agreed to reimburse him for the acceptance fee of £50 and the option to purchase fee of £50. Mr N didn't accept its offer and complained to this service. He says that he's been charged for the warranty twice.

Our investigator recommended that his complaint should be upheld in part. He said that Mr N wasn't charged twice for the warranty but he had been caused distress and inconvenience and he recommended that Creditplus should pay him an additional £100 compensation. He also said that Mr N had verbally agreed to activate a GAP insurance product.

Creditplus has accepted our investigator's recommendations but Mr N has asked for his complaint to be considered by an ombudsman. He's responded to our investigator's recommendations in detail and has explained why he considers that the figures in the agreement are wrong and that he's paying more than he should for the warranty and the GAP insurance.

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.

Mr N signed a document from Creditplus in October 2021 which set out the details of the hire purchase agreement under which the car was being supplied to him. That document showed that the price of the car was £27,485, he was paying a deposit of £10,000 (which was a cash deposit of £8,000 and £2,000 for a part-exchange) so the loan amount was £18,058, he was paying interest of £1,896.08, that the total amount payable would be £29,580.08 and the balance payable was £19,580.08. It also showed that he was paying £474 for a warranty and that he would make 24 monthly payments of £831.42 for the car to be supplied to him.

Mr N then entered into the hire purchase agreement with the third party. The agreement shows that the price of the car was £27,584. That was £99 more than the price shown on the other document which Creditplus says was a charge for an additional warranty product which it has agreed to reimburse to Mr N. The agreement shows the deposit as being £9,526. That was £474 less than the deposit shown on the other document which is the

charge for the warranty that has been deducted from the deposit for the purposes of the agreement. There's no other charge in the agreement for the warranty.

The agreement shows the amount of credit as £18,058 (which is the same as the loan amount shown on the other document) and that the interest charged was £1,896.08 (which is the same amount as shown on the other document). The agreement also shows a document fee of £50 and an option to purchase fee of £50. Those fees weren't shown on the other document and Creditplus has agreed to reimburse those fees to Mr N.

The agreement shows that the total amount payable was £29,580.08 (which was the same as the amount shown on the other document) and that Mr N was going to make a payment of £881.42 (which included the £50 document fee), 22 monthly payments of £831.42 and then another payment of £881.42 (which included the £50 option to purchase fee).

I have carefully considered both of those documents and the information that Mr N has provided and I'm satisfied that Mr N has been charged £474 for the warranty that he wanted and £99 for an additional warranty product. I'm not persuaded that Mr N has been charged for any other warranty product or that he's been charged twice for the £474.

Creditplus has provided an e-mail exchange with Mr N about GAP insurance in which he said that he would like to pay for a GAP insurance policy by direct debit over ten months to which Creditplus replied that it would set that up. I'm not persuaded that there's enough evidence to show that Creditplus acted incorrectly in connection with the GAP insurance product.

Creditplus has agreed to pay £99 to Mr N to reimburse him for the cost of the additional warranty product and to also pay £100 to him to reimburse him for the document fee and the option to purchase fee. Creditplus has also accepted our investigator's recommendation that it should also pay £100 to Mr N to compensate him for the distress and inconvenience that he's been caused. I consider that to be fair and reasonable in these circumstances and I find that it wouldn't be fair or reasonable for me to require Creditplus to pay any other compensation to Mr N or to take any other action in response to his complaint.

Putting things right

Creditplus has confirmed that it hasn't reimbursed Mr N for any payments. I find that it would be fair and reasonable for Creditplus to now reimburse £199 to Mr N for the additional warranty product and the two fees. I also find that it would be fair and reasonable for it to pay him £100 to compensate him for the distress and inconvenience that he's been caused.

My final decision

My decision is that I uphold Mr N's complaint in part and I order Whichdeal Limited, trading as Creditplus, to:

1. Pay £199 to Mr N to reimburse him for the costs of the additional warranty product and the two fees that it has agreed to reimburse him for.
2. Pay £100 to Mr N to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 19 April 2022.

Jarrod Hastings

Ombudsman