

The complaint

Mr O is unhappy with how Volkswagen Financial Services (UK) Limited trading as Audi Financial Services (VWFS) dealt with the collection of his car following the end of his hire purchase agreement.

What happened

On 2 December 2017, Mr O was supplied with a new car through a hire purchase agreement with VWFS. He paid an advance payment of £16,000, and the agreement was for £28,085 over 36 months; with 35 monthly payments of £182.24 and an optional final payment of £26,486 if he wanted to keep the car.

On 13 November 2020, around three weeks before the agreement was due to end, Mr O contacted VWFS to arrange for collection. But VWFS delayed processing this, and the car wasn't collected until 4 January 2021. Because Mr O lived in a property with only one allocated parking space, because he had nowhere else to safely park the car, and because he was having a replacement vehicle in December 2021, Mr O put the car into storage until collection took place.

Mr O said VWFS agreed to cover all the costs resulting from the delayed collection. VWFS said they only agreed to cover the road tax and MOT, not the storage charges. But they offered Mr O £100 for the inconvenience caused by the delay. Mr O wasn't happy with this and he brought his complaint to us for investigation.

Our investigator said Mr O had given VWFS reasonable notice to arrange a collection, and he'd made a number of calls to try and sort this out. But VWFS delayed in processing the collection, and this caused Mr O some frustration and inconvenience. Because of this, she thought the £100 VWFS had offered was reasonable in the circumstances.

But, because of Mr O's situation, and not having anywhere safe to leave the car while waiting for the delayed collection, she also thought that VWFS should cover any reasonable storage costs.

Mr O provided a copy on invoice for 32-days storage at a total cost of £3,000. This was from a specialist moulding company, and not from a specialist car storage company. The investigator thought this was expensive and had seen that specialist car storage companies in Mr O's area were charging between £100 and £137.80 a month. Because of this, the investigator thought it was reasonable for VWFS to pay storage costs based on the £137.80 a month figure.

Mr O disagreed with the investigator. He said that a traditional car storage company would store the car outside, which would result in the car being damaged. And he would've been charged by VWFS for this damage. So, he thinks he'd been reasonable by storing the car where he did. And feels VWFS should cover the cost for this.

Mr O also said that the cheapest local storage he could find was £45 a week, which worked out more than the investigator had quoted. In response to this, I've seen that the investigator

provided Mr O with the details of the storage facilities she'd considered. I've also reviewed these costs. They are:

- Storage company K - £100.00 per month for indoor storage
- Storage company M - £31.80 per week (equivalent to £137.80 a month)
- Storage company A - £25.00 a week (equivalent to £108.33 a month)

Because Mr O didn't agree with the investigator, this matter has been passed to me to make a final decision.

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 have reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. Mr O was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

It's not disputed that, on 13 November 2020, Mr O asked VWFS to arrange collection of the car. But, because VWFS delayed in processing the request, the car wasn't collected until 32-days after the date Mr O asked for it to be collected. And VWFS have offered Mr O £100 for the trouble and inconvenience this delay caused.

Because Mr O had nowhere safe to store the car, and because he couldn't store it at home as he didn't have sufficient space for both this car and his replacement vehicle, I'm satisfied that arranging to store the car until collection was reasonable in the circumstances.

However, I would've expected Mr O to arrange to store the car with a specialist car storage company. And it's also reasonable to expect him to mitigate the costs of any storage. However, Mr O stored the car with a company who didn't deal with car storage and, after a seven-day free storage period, he was charged £100 plus VAT a day – a total of £3,000. He says he chose this company because there would be no cost if the car was collected within the first seven-days, and because the company were prepared to delay invoicing.

I don't consider these to be valid reasons for using the company Mr O did. Firstly, VWFS had told him that collection would take four weeks, so a free seven-day period has no bearing on the matter, as charges would always be incurred. And the length of time before an invoice is issued doesn't alter the fact that Mr O was being charged per day what other local specialist car storage companies were charging per month. So, he chose to pay substantially more than he otherwise could've done.

What's more, while Mr O has provided an invoice for the car storage, I haven't seen any contract to show me he was charged correctly.

I think it's reasonable that, had Mr O chosen a specialist car storage company, then he would've chosen the most local option. Which was £31.80 a week and nearer to his home than the option he'd chosen. Because of this, I think it's fair that VWFS cover this charge, and not the substantially more expensive non-specialist storage Mr O chose. So, while I appreciate this will come as a disappointment to Mr O, this means he will be responsible for any shortfall in the storage costs he actually chose.

Mr O has commented that the car would've been damaged if he'd left it with a traditional car storage company, and VWFS would've charged him for this damage. But I disagree that the car would definitely have been damaged at a traditional car storage facility, and I consider this is just speculation. And it was always possible the car could've suffered some accidental damage where Mr O stored it, as this wasn't somewhere set up for storing cars.

What's more, while VWFS would've charged for any damage that fell outside of normal fair wear and tear guidelines, the car wasn't damaged while it was stored, and Mr O wasn't charged. My decision is concerned with what happened, rather than what might've happened under different circumstances. And I won't be asking VWFS to compensate Mr O for what might've been.

Putting things right

Mr O stored the car for 32 days, but the first seven days of this were free. So, he only actually paid for 25-days storage. Because of this, the investigator recommended that VWFS pay 25 days storage. But the specialist car storage companies in Mr O's area didn't offer a free period. So, I think it's only fair that VWFS pay for the full 32-days the car was stored. Because of this I think the investigator's recommendation needs to be changed.

I've told both Mr O and VWFS that I intend to ask VWFS to pay for the full 32-days storage and asked them for their comments on this specific point. VWFS agreed with this change and Mr O didn't make any further comment. So, this doesn't change my view that asking VWFS to pay for 32-days storage is fair.

So, VWFS should:

- pay Mr O for 32-days storage of the car, based on a rate of £31.80 a week, and
- (if this hasn't already been paid) pay Mr O an additional £100 for the trouble and inconvenience he was caused as a result of the delayed collection.

My final decision

For the reasons explained, I uphold Mr O's complaint. And Volkswagen Financial Services (UK) Limited trading as Audi Financial Services must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 22 April 2022.

Andrew Burford
Ombudsman