

The complaint

Mr B has complained First Response Finance Ltd has continued to ask him to pay a hire purchase agreement after he told them it'd been cancelled and he'd not taken possession of the car.

What happened

Mr B received an arrears notice from First Response and contacted them. He told them he'd never taken possession of the car in January 2020 when he'd signed a hire purchase agreement. He'd agreed to pay £261.31 a month. First Response received six monthly payments but after the direct debit was cancelled, the account fell into arrears.

First Response confirmed as Mr B had signed the agreement and had made the initial payments, they found the suggestion that he'd never taken possession of the car odd. They'd have expected him to contact them much sooner. They continued to hold him liable for the outstanding credit of £12,281.57. If Mr B hadn't taken possession of the car, they advised him to pursue this with the police.

Mr B brought his complaint to our service. He explained that he'd never made the direct debit payments. He provided bank statements for the period prior to taking out the hire purchase agreement along with a copy of his credit record. He said although he'd seen the car, he was unhappy with its condition and decided not to proceed with the purchase. He'd believed the dealer (who I'll call M) had sorted things out.

Our investigator reviewed the evidence. He found some of Mr B's testimony a bit shaky and accepted First Response's submission that what had happened with Mr B and his car was part of a larger fraud. Overall he didn't believe there was enough evidence to suggest First Response should cancel Mr B's finance agreement.

Mr B was unhappy with the outcome on his 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.

Having done so, I've reached the same conclusion as our investigator. I'll explain why.

I confirm that prior to completing this final decision I asked Mr B to provide us with more information about the circumstances of his supposed purchase at M. I was also interested to find out the deposit he paid and asked for copies of bank statements after the hire purchase agreement was taken out. We received nothing from him.

I also asked First Response to share evidence of what they believed was a wider fraud ring where M was involved. They provided this in confidence. I'm also aware from M's liquidator's annual report that police have progressed to charging M's director.

In normal circumstances I would share the business's evidence with the complainant, Mr B

in this case. However because of the sensitive nature of the information and what's confirmed within, I don't believe this would be right. In any case I firmly believe, based on the evidence, that Mr B will already be aware of some of these allegations so don't believe there's anything to gain from sharing information with him.

There's no dispute that Mr B took out the agreement. He signed it and received an electronic copy from First Response. First Response also texted him to confirm the money had been transferred. Mr B told us he didn't believe the agreement went live but based on the evidence First Response has shared with us, I find this surprising.

Mr B has told us he didn't make any direct debit payments. A check with the bank where the payments were made from confirm this account was not in Mr B's name. But this doesn't explain – nor has Mr B – why a hire purchase agreement, signed by Mr B, would give details of another account allowing payments to be taken. Mr B hasn't suggested he didn't complete the direct debit instruction that would have been attached to the hire purchase agreement.

Mr B has told us he noticed a live direct debit on his account and cancelled it. That would be fine except the account making the payments wasn't in his name so I wonder how he did this.

This evidence fits in with some of the allegations made against Mr B that he may use another bank account. Mr B hasn't confirmed this to us.

I've also seen evidence about Mr B taking out hire purchase agreements with other finance providers in January and February 2020 around the same time as this agreement with First Response. All of these were arranged through M. I asked Mr B about one of these but received no answer.

Mr B told us he viewed the car and decided it was unsuitable. I know that the car Mr B purportedly purchased remained in the ownership of a third party and was never available for his viewing or consideration. From what I know of this and similar cases involving other finance companies, M did show cars that resembled cars the customer thought they were buying. However this isn't what Mr B has told us. His testimony doesn't match with the other evidence I've seen.

I'm also aware that First Response suggested Mr B contact the police and I've not seen any evidence to suggest he did this.

Overall considering everything I know about this complaint and what has happened, I don't believe First Response have done anything wrong in continuing to expect Mr B to pay for the hire purchase agreement he took out.

My final decision

For the reasons I've given, my final decision is not to uphold Mr B's complaint against First Response Finance Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 April 2022.

Ombudsman