

## **The complaint**

Miss H has complained about the way Volkswagen Financial Services (UK) Limited trading as Audi Finance (VWFS) handled things when she returned a car she'd acquired under a hire purchase agreement.

## **What happened**

Miss H acquired a new car under a four-year hire purchase agreement with VWFS in March 2016. She contacted VWFS in March 2020 as she wanted to hand it back. VWFS told Miss H she could do that once the final monthly instalment had been received.

Miss H contacted VWFS the following month to say she'd made her final payment. But she also highlighted the agreement she'd entered into was a 48-month contract and that she thought she'd paid 49 payments. So she wanted clarification on this.

VWFS responded to Miss H and let her know that if she wanted to hand the car back it would need some information from her before passing things over to the collection agents.

Other than an annual statement being sent in May 2020, I can't see anything happened until the following month when Miss H got back in touch with VWFS to enquire what was happening. She complained VWFS hadn't arranged to collect the car and that it hadn't responded to her query about the additional payments she thought she'd made. At this point she thought she'd made 49 payments when she was only supposed to have made 47. So she asked for two payments to be returned. She also said she was unhappy she'd been told the balloon payment was outstanding. She wanted reassurance her credit file had not been impacted.

VWFS wrote back to Miss H to ask for further information to verify it was speaking to the right person. Miss H complained. Later in June 2020 it looks like Miss H asked a representative to speak to VWFS to help sort things out. He told VWFS it should pay storage costs and that the car was now uninsured.

I understand Miss H's representative wrote to VWFS as well. And Miss H contacted it to say she was unhappy her complaint hadn't been resolved. VWFS sent its final response to Miss H in August 2020. It said the correct number of monthly rentals had been paid. And that due to the delay in the car being collected the balloon payment would show as outstanding and arrears letters would be sent. But once the car had been collected Miss H's credit file would be rectified. However, it said it would offer £25 due to the experience she had.

Miss H's representative complained in October 2020 about the final response from what I can see. But VWFS told him he was an unauthorised representative. VWFS wrote to Miss H to let her know what information was required if she wanted to hand back the car. It was the same information it had requested back in April 2020. Miss H provided the information the same day, including the fact that the MOT had expired in March 2020. VWFS passed the request to its collection agents.

From the evidence I've been provided it looks like VWFS' collection agents spoke to Miss H in October 2020 but the collection couldn't be arranged because the MOT had expired. Things seemed to stall over the next couple of months. VWFS says its collection agents were having difficulty contacting Miss H to arrange collection. Miss H said the car should be collected on a low loader as the car was uninsured and didn't have a valid MOT. I don't think VWFS initially wanted to arrange that, but it looks like this is what happened in February 2021 when the car was collected. Around this time, the complaint was brought to our service to consider.

Our investigator looked into things but didn't make any recommendations. He said when Miss H initially contacted VWFS it was too soon for her to hand the car back. He couldn't see Miss H had responded to VWFS' request for information to enable it to arrange to collect the car when it first asked for that. So he also didn't think VWFS acted unfairly by telling Miss H the balloon payment was due.

Our investigator thought the more recent delay in collecting the car was mainly because the collection agents couldn't reach Miss H. So overall, our investigator didn't think VWFS was the primary cause of the delay in collection of the car.

With regards to the overpayments Miss H mentioned, our investigator didn't think there was evidence she'd overpaid. And finally, he didn't think VWFS should have to pay storage costs to her either.

VWFS accepted the assessment, but Miss H didn't. In summary, she said:

- She did respond to the information request in April 2020.
- Her credit file was still being negatively impacted despite being told it would be corrected when the car was handed back.
- The delays with the collection agents were caused because there was no authority from VWFS for the low loader.
- Storage costs of £25 per day were due.
- She's unhappy with damage charges.
- She'd been provided with another letter saying the balloon payment was due, despite the car having been handed back.

Our investigator asked for evidence of Miss H's response to the email in April 2020; evidence of the impact on her credit file; and evidence of any overpayments. He still didn't think VWFS should have to pay any storage costs and he said he could only investigate the complaint that had already been raised with VWFS. So anything new would have to be raised separately.

Miss H responded to say:

- VWFS were supplied with all information at the time of the original request.
- She provided evidence of missed payments showing on her credit file and the recent letter she'd received.
- She'd been responsive to the collection agents.
- She'd made 49 payments.
- Storage charges remained.
- She'd complained about the incorrect charges.

I issued a provisional decision on the complaint that said:

*Miss H acquired the car under a regulated hire purchase agreement, and our service is able to consider complaints relating to these sorts of agreements.*

*I want to acknowledge I've summarised the events of the complaint. But I've reviewed everything on file. If I don't comment on something, it's not because I haven't thought about it. I'm focussing on what I think are the key issues. Our powers allow me to do this.*

*I think there are some key questions I need to ask myself to help me decide what, if anything, VWFS needs to do to put things right.*

- 1. Has Miss H paid more towards the agreement than she needed to?*
- 2. Has VWFS acted unfairly?*
- 3. If so, should it compensate Miss H more than she's already been offered?*
- 4. Does VWFS need to take any other action to resolve the complaint?*

*Turning to the first question. Miss H's agreement said she was required to make 48 payments before the optional balloon payment became due. Her first payment was made in April 2016. Which means, providing she kept up with her payments, the 48<sup>th</sup> would become due in March 2020. From what I can see, all payments were made on time, but the payment in March 2020 was rejected. This was why Miss H had to make another payment in April 2020. But, based on the evidence I've got, she's paid 48 payments in total. And not 49. So I don't think there's evidence Miss H has overpaid, or that VWFS needs to return any of her payments.*

*Turning to the second question. Has VWFS acted unfairly? It took nearly a year for Miss H's car to be returned. Which even when taking into account the impact Covid-19 had on firms, it seems longer than would reasonably be expected. Could VWFS have done more help Miss H hand the car back sooner? Based on what I've seen I think it could have done more. But is it responsible for all the delays? Based on what I've been I don't think it was. I'll explain why.*

*When Miss H spoke to VWFS at the beginning of March 2020 her final payment hadn't been paid. It looks like VWFS wanted her to call back when she'd made that payment, so the hand back collection could've been started. I don't think this is that unusual. But VWFS arguably could've done a bit more to help Miss H at this point. It could've arranged a call back or given her details of the information it would need to start the hand back process. And I'm mindful Miss H could've voluntarily terminated the agreement at that point too. Although given the final payment was due within a few days it's unlikely this would've put her in a significantly different position.*

*In any event Miss H did contact VWFS when she'd made the final payment, albeit in April 2020. And at this point she queried the total payments she'd made. VWFS responded to ask for the information it needed to start the hand back process. But it didn't answer Miss H's question about the payments. So it missed an opportunity here to help.*

*I've not been provided evidence to show Miss H responded to VWFS' request in April 2020. It wasn't until June that I can see she chased things up and queried the balloon payment. So I don't think VWFS can solely be blamed for the initial delays.*

*There were further delays due to a combination of factors. VWFS was looking into Miss H's complaint. And it looks like it didn't have a formal authority in place to deal with Miss H's representative. So on the one hand, it's fair VWFS was given some time to look into things. And it's not unreasonable it needed formal authorisation to speak to a third party. And I'm also mindful that firms' service levels would have been impacted by Covid-19. But given a lot of the issues had started in April 2020, it would've been helpful had Miss H been informed*

sooner that VWFS still didn't have everything it needed to start the hand back process. A simple phone call or email to Miss H probably would've solved that. So I think VWFS could've done more here to help.

I've next thought about what happened after VWFS was given the information it needed to start the hand back process. Further delays were caused because the collection agents couldn't arrange collection. This seems partly down to the agents not being able to easily speak to Miss H, but mainly down to the car requiring a low loader as it didn't have a valid MOT. Again, things aren't straightforward here. VWFS should have known the car didn't have an MOT before passing the details to its collection agents. Miss H had told it. So I think this was another opportunity missed.

Once the collection agents spoke to Miss H it's clear she wanted to get things resolved. But the car was without an MOT. Having looked at the MOT history, it looks like the MOT had expired on 8 March 2020, which was before Miss H would've handed the car back, even had things gone to plan. I think the lack of a valid MOT was always going to cause some sort of issue or costs for Miss H. As it turned out, I don't think she arranged for an MOT or paid for a low loader. So while it took longer for the car to be picked up than it probably should have done, Miss H didn't have to bear the extra costs and I don't think VWFS can fairly be held liable for all the delays.

In summary, I think there were instances where VWFS could have done more to help resolve things sooner. But I don't find it's responsible for all the delays. VWFS offered £25 to Miss H in its final response. It's not clear she ever accepted this. I'm not persuaded £25 sufficiently recognises the inconvenience caused that I've set out above. And things have moved on since then. I think a fairer amount for VWFS to pay Miss H in all the circumstances is a total of £100.

For the avoidance of doubt, I don't find VWFS needs to pay Miss H any storage costs. While I can appreciate it might've been inconvenient having to keep the car at home longer than she'd like, as far as I know she hasn't incurred a financial loss for doing so. And for the reasons given above, I don't think all the delays are down to VWFS.

I've finally thought about whether VWFS needs to take any other action. I think the last thing I need to consider here is whether VWFS needs to remove the missed payments from Miss H's credit file. VWFS told Miss H the balloon payment would be 'reduced' once the car was returned. It didn't say that any missed payments would be removed. But in all the circumstances and considering I think VWFS could have helped to resolve things sooner, I think it's fair that all adverse information from April 2020 onwards is removed from Miss H's credit file.

Miss H has also raised a complaint about what happened after the car was handed back. But as those points don't relate to the complaint that was originally referred to us here, I think Miss H will need to take that up with VWFS in the first instance. If she's unhappy with its response, it may be something our service can investigate.

VWFS responded to say it had nothing further to add and will await customer acceptance.

Miss H responded to say the impact on her credit file and the stress and inconvenience remain current. She also highlighted she's unhappy with the charges applied by VWFS when she handed back the car. Ultimately Miss H doesn't think the compensation is sufficient.

## **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.

As neither party has provided anything materially new for me to consider, I see no reason to depart from the conclusions I reached in my provisional decision. To recap, I don't think all the delays were down to VWFS. And I think there are certain costs such as an MOT or the low loader that Miss H may have been liable for as the car did not have an MOT when she wanted to hand it back. But she hasn't incurred a cost. So I think, in the round, £100 compensation is fair. And I've also set out that any adverse information from April 2020 onwards should be removed. VWFS must do this if Miss H were to accept this final decision.

Finally, I appreciate Miss H is unhappy with the charges applied by VWFS when she handed back the car. And I can see she's told us about this during the course of the complaint. But as the investigator and I have explained, VWFS will need the chance to respond to this complaint in the first instance. It's not something that was included in her original complaint. Miss H hadn't handed the car back at the time we started considering the complaint I'm dealing with here. If, however, Miss H is unhappy with VWFS' response to her complaint about the charges, it may be something our service is able to consider for her.

### **My final decision**

My final decision is that I uphold this complaint and, to the extent it hasn't done so already, direct Volkswagen Financial Services (UK) Limited trading as Audi Finance to:

- Pay Miss H £100 compensation.
- Remove adverse information from Miss H's credit file from April 2020 onwards.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 11 May 2022.

Simon Wingfield  
**Ombudsman**