

## The complaint

Mr S complains that RCI Financial Services Limited ("RCI"), in the way it set up his hire purchase agreement ("agreement") and then administered and managed it, has caused him a loss for which he would like to be compensated.

## What happened

RCI considered Mr S' complaint. It said that the agreement hadn't been mis-sold and it had been correctly set up and (ultimately) administered and managed correctly.

Unhappy with RCI's response to his complaint Mr S referred matters to our service.

Mr S' complaint was considered by one of our investigators who came to the view that ultimately RCI had done nothing wrong.

Mr S didn't agree and so his complaint was passed to me for review and decision.

I issued a provisional decision on this case in May 2022. In summary I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's clear Mr S has very strong feelings about the matters he has complained about. He has provided detailed submissions in support of his view which I can confirm I've read and considered in their entirety. However, I trust that Mr S will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn't to address every point raised. The purpose of my decision is to set out my conclusions and reasons for reaching them.

Mr S could have bought his new car (without finance) for £15,706.82 broken down as follows:

On the Road Price of the new car*	£39,206.82
Part Exchange allowance on his existing car	£20,000.00
Government EV Grant	£3,500.00
<b><i>Total Payable</i></b>	<b><i>£15,706.82</i></b>

\*£39,340.00 (list price) plus £55.00 (registration fee) plus £955.00 (extras/accessories) less £1,143.18 (discount/adjustment)

Instead, what Mr S did was finance the purchase by way of an agreement with RCI for £24,706.82 broken down as follows:

On the Road Price of the new car	£39,206.82
Part Exchange allowance on his existing car (£20,000 less £10,000)	£10,000.00
Government EV Grant	£3,500.00
Dealership Deposit Contribution	£1,000.00
Sub Total	£24,706.82

And what Mr S then ended up paying, following the decision to finance the purchase, was £14,936.50 broken down as follows:

Payments debited from Mr S' bank account(s) to RCI/the dealership

5 March 2020	£500.00	
27 March 2020	£277.62	
30 March 2020	£28,329.64	£29,107.26

Payments credited to Mr S' bank account(s) from RCI/the dealership

5 March 2020	£10,500.00*	
1 April 2020	£3,393.14^	
12 June 2020	£277.62^	£14,170.76

<b><u>Total Payable</u></b>	<b><u>£14,936.50</u></b>
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*\*£500.00 returned deposit and £10,000.00 part exchange offer not used against the acquisition of the new car  
^over payment requested by RCI in error and paid by Mr S as part of his payment of £28,329.64*

Therefore, by financing the acquisition rather than not, Mr S ended up £770.32 better off.

Put another way by financing the acquisition Mr S ended up paying one monthly agreement sum of £277.62 that he wouldn't have otherwise had to pay and benefited from a dealership deposit contribution of £1,000.00 and an interest credit/adjustment on final settlement of £47.94 that he wouldn't have otherwise benefited from.

I would also add that I've checked the various documentation that has been provided by the parties including, but not restricted to, the agreement, the order form and the invoice raised by the dealership for RCI's purposes. And having done so I can confirm that these can all be reconciled to each other and are set out in such a way that, in my view, Mr S would have understood them.

I accept that I can't say for sure what was discussed between the dealership and Mr S and what was said, or wasn't said, that led him to finance the car acquisition rather than acquire the car outright immediately by way of a cash payment. But based on what both parties have said and submitted I've seen insufficient evidence to be able to conclude that Mr S was pressured into acquiring the car by way of finance provided by RCI rather than acquiring outright and immediately by way of a cash payment. I would also reiterate what I say above, and that is I'm satisfied that regardless of whether Mr S was pressured into financing his car acquisition I can't see that this has caused him a loss.

Mr S also submits that he was offered a part exchange allowance of £22,000 for his old car by the dealership. But there is no documentary evidence to support this. In fact, all the documentation I've seen references a part exchange allowance of £20,000 and this fact was never disputed, at least at the material time, by Mr S. I would also add that I've seen insufficient evidence to suggest an on the road price for the new car was agreed (before any discounts) for anything other than £39,206.82.

Finally, and for the sake of completeness, I would add that I'm satisfied that no commission was paid by RCI to the supplying dealership for arranging the agreement Mr S is complaining about. I've come to this conclusion having had regard, amongst other things, to the documentation supplied to our service by RCI in this respect.

RCI didn't respond to my provisional decision by the date I gave.

Mr S responded to my provisional decision to say he didn't agree with it and to reiterate his previous submissions.

### **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.

It's clear that Mr S is unhappy with my provisional decision and doesn't agree with it. But in my view he has added nothing materially new for my consideration. However, for the sake of completeness, I make the following comments.

I reiterate what I said in my provisional decision, that's I've carefully considered all of the points Mr S has made and all of the evidence he's provided in relation to his complaint. Now Mr S may consider that my findings don't mirror the level of detail of his submissions, but that's simply a reflection of the informal nature of our service. My role isn't to address everything Mr S has raised. Instead, my role is to address the points that Mr S has raised that I believe to be relevant in fairly and reasonably deciding his complaint.

I would also add that my role isn't to fine or punish firms, or to direct firms to change their policies, procedures and working practices, that is the role of the regulator. My role is to have regard to what financial loss and non-financial loss a consumer has suffered (if any) as a result of something a business did wrong.

Mr S has referred to another case decided by our service in his submissions. I'm aware of this case and even if I was to agree there are similarities, and for the record I don't, each case is considered and decided on its own fact and merits and I'm not bound by what our service might have found in the past on other cases.

I accept that Mr S has the right to 'bring' his complaint against RCI rather than the supplying dealership and for the avoidance of doubt I've never said otherwise.

Mr S believes he has been scammed by the supplying dealership and other consumers might have been scammed also or might be scammed in the future. But Mr S has simply provided nothing that would persuade me this was the case.

Mr S questions how I derived one or more of the figures in my provisional decision. But I'm satisfied that I've already set out how these figures were derived in sufficient detail (in my provisional decision) so I've nothing further to add on this point.

I remain of the view that all the documentation that has been provided can be reconciled and each and every document was set out in such a way that Mr S would have understood the nature of the commitment he was entering into.

I've still seen nothing that would lead me to conclude that Mr S was ever offered anything other than £20,000 for his part exchanged car or an on the road price for the new car of anything other than (before government grants and dealership contributions) £39,206.82.

The loan agreement doesn't show Mr S' received £10,000.00 for his part exchanged car. What it shows is £11,000.00 was 'paid' upfront by Mr S for the new car. And when the agreement is considered with the other documentation supplied, I'm satisfied that it's clear what happened in this case. And that is Mr S received £20,000.00 for his part exchanged car of which £10,000.00 was used as an upfront payment. To this £10,000.00 upfront payment the dealership contributed a further £1,000.00 making a total upfront payment of £11,000.00. Mr S then received £10,500.00 by way of a bank credit from the dealership made up of the £10,000.00 outstanding part exchange allowance he was given of £20,000.00 and a refund of the £500.00 he paid by way of a deposit right at the outset to secure the car subject to this complaint.

Mr S says it's irregular for *"a car purchase loan to be twice the purchase price."* But I can't see that this is the case.

The cash price of the car was £35,706.82 (£39,206.82 less £3,500.00). £11,000.00 was paid upfront leaving a sum to be financed of £24,706.82. Had the agreement run to term Mr S (everything else being equal) would have ended up paying £39,607.26 (£11,000.00 upfront, £24,706.82 in capital repayments and £3,900.44 in interest). Put another way Mr S would have ended up (re)paying 111% of the purchase price of the car, not more than twice the purchase price.

Mr S says I didn't address in my provisional decision his point that he was pressured into taking out the agreement when he didn't want to or need to. But I did, and I can confirm I've nothing further to add in this respect except to say that Mr S' point in this respect doesn't indicate to me that there was any type of scam going on.

I remain of the view that by financing the car acquisition, rather than paying for the car outright and at the outset, Mr S ended up financially better off by £770.32 and I've nothing further to add on this point except to say the sum of £770.32 wasn't, nor could it be, derived by taking £277.62 from £1,000.00.

Given what I say above and given that RCI didn't respond to my provisional decision, I see no reason to depart from my provisional findings and I now confirm them as final.

### **My final decision**

My final decision is that RCI Financial Services Limited has done nothing wrong in this case and it need do nothing further.

I appreciate Mr S will be disappointed by my conclusions. My final decision, however, represents the last stage of this service's dispute resolution procedure. Mr S doesn't have to accept my decision, and if he doesn't do so, he will be free to pursue legal action against RCI Financial Services Limited or any other party he deems appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 June 2022.

Peter Cook  
**Ombudsman**