

The complaint

Ms R complains about the way that Advantage Finance Limited has dealt with a hire purchase agreement under which a car was supplied to her.

What happened

A used car was supplied to Ms R under a hire purchase agreement with Advantage Finance in November 2011. Advantage Finance says that Ms R voluntarily terminated the agreement in April 2012 so the car was collected from her and sold at auction. It also says that it was contacted by Ms R's debt management company in May 2012 which offered a monthly payment of £44.01 but it then agreed to accept lower payments. It says that the final payment that it received from Ms R was in November 2020 and that the debt management company told it that Ms R's case with it was closed. It says that it then received a letter from Ms R disputing the outstanding balance that she owed to it.

It sent her a letter in April 2021 which said that the outstanding balance of her account was £3,115.69. Ms R complained to it in August 2021 about the agreement not being signed by the dealer and the insurance options that were included in the agreement. Advantage Finance sent her a copy of the agreement which she'd signed but Ms R wasn't satisfied with its response so complained to this service. She says that she disputes the amount that she owes to it, there was no signed agreement for the car to be supplied to her, and she was told that her debt had been written-off.

Our investigator initially didn't recommend that Ms R's complaint should be upheld but Advantage Finance then said that the outstanding balance on Ms R's account was £1,158.27 and it offered to write-off that amount so she would no longer owe any money to it. Although our investigator said that Ms R had been given some unclear and inaccurate information, she thought that Advantage Finance's offer was fair. She said that Ms R had also complained about the validity of the agreement and that she was mis-sold add-ons and insurance but as the agreement was made in November 2011 this service couldn't consider those parts of her complaint.

Ms R has asked for her complaint to be considered by an ombudsman. She says, in summary and amongst other things, that:

- she doesn't agree that Advantage Finance's offer is fair as she was misled about the agreement and she's entitled to a full refund;
- she didn't agree to the terms of the agreement as she didn't sign the terms and conditions;
- she was advised to voluntarily terminate the agreement and, if 50% of the price has been paid, the agreement can be cancelled; and
- she had no communication from Advantage Finance until she made a complaint to it last year 2021 and she tried to get information from it about the agreement.

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.

Advantage Finance has provided a copy of the hire purchase agreement that was signed by Ms R in November 2011. Ms R says that there was no signed agreement but the copy of the agreement that Advantage Finance has provided includes her signature and it's also been signed by Advantage Finance. It also clearly shows the optional insurance products that Ms R had selected. The car was supplied to her on that basis and she made the monthly payment of £216.02 that was shown on the agreement as the combined payment for the car and the insurances from November 2011 to January 2012.

She signed the agreement in November 2011 but I've seen no evidence to show that she complained to Advantage Finance about the agreement not having been signed until August 2021 – more than nine years later – and she didn't complain about it to this service until September 2021. Our investigator has set out the dispute resolution rules for considering complaints that are set out in the Financial Conduct Authority's handbook. Those rules says that this service can't normally consider a complaint if it's referred to us more than: six years after the event complained of; or (if later) three years from the date on which the complainant became aware (or ought reasonably to have become aware) that they had cause for complaint.

Ms R complained to this service more than six years after she entered into the agreement. I consider that she ought to have been aware that she had cause for complaint about the agreement not being signed and the options included under the agreement no later than when she voluntarily terminated the agreement in April 2012. That was more than three years before she complained to this service so I agree with our investigator that this service can't consider those parts of her complaint.

The agreement says: *"you have the right to end this agreement. To do so, you should write to the person you make your payments to. They will then be entitled to the return of the goods and to half the total amount payable under the agreement, that is £3,342.68".*

Advantage Finance wrote to Ms R in March 2012 and said: *"Upon termination of the ... agreement you will need to pay ... £3,054 03".* That letter also said: *"If you purchased any insurance products ... at the same time as your motor finance, these will remain payable ... In order to settle the insurance element of your agreement and claim any rebate to which you are entitled you may also choose to pay the amount set out below. This will also ensure that you have no further liability under the insurance element of the contract"* – and it said that the amount required to do that was £3,649.24, less a rebate £1,243.55 so a total of £2,405 69.

Advantage Finance says that Ms R voluntarily terminated the agreement in April 2012 so the car was collected from her and sold at auction and that the net sale proceeds of £1,507 were applied to her account. Ms R contacted Advantage Finance in April 2021 but it provided her with some incorrect and inaccurate about her account and I can understand the distress and inconvenience that that caused her. It now says that the outstanding balance of her account is £1,158.27 and it has offered to write-off that amount so she has to make no further payments to it.

I'm not persuaded that there's enough evidence to show that the outstanding balance of £1,158.27 is incorrect but I consider that Advantage Finance's offer to write-off that amount is fair and reasonable in these circumstances. I see no basis on which it would be fair or reasonable for me to require Advantage Finance to refund to Ms R any of the payments that

she's made under the agreement. I consider that its offer is also fair and reasonable compensation for the distress and inconvenience that Ms R has been caused.

Putting things right

I find that it would be fair and reasonable for Advantage Finance to write-off the outstanding balance of Ms R's account and to close the account. I sympathise with Ms R for the issues that she's experienced but I don't consider that it would be fair or reasonable for me to require Advantage Finance to refund any payments to her, to pay her any compensation or to take any other action in response to her complaint.

My final decision

My decision is that I uphold Ms R's complaint in part and I order Advantage Finance Limited to write-off the outstanding balance of her account and to close her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 30 August 2022.

Jarrold Hastings

Ombudsman