

## **The complaint**

Miss P complains that Zuto Limited (“Zuto”) wrongly released funds for a car hire purchase agreement before she went for a test drive, and when she had asked them not to release the funds until she had decided she wanted the car.

## **What happened**

Miss P was looking to acquire a car in May 2022. She approached Zuto to help her find a car and suitable car finance. She found a car they were advertising and expressed an interest. Zuto found car finance for her and she asked to arrange a test drive of the vehicle. This was scheduled for 7 May 2022. She was told by Zuto that she had been pre-approved for the finance, and they requested she provide some documents so they could fill in the information ready to submit the application if all went well with the test drive.

Miss P asked Zuto not to send the funds to the dealer until she had test driven the car and decided she wanted it. Unfortunately, when she arrived for the test drive, she found the vehicle wasn’t able to be started, wasn’t as advertised and hadn’t been cleaned. She quickly told the dealer she wasn’t interested in it, only to be told that the funds had already been released and she had bought the car.

She immediately contacted Zuto to query this and to ensure it was cancelled, while she set about finding another car and finance agreement. She also complained about them releasing funds when she’d expressly asked them not to.

Zuto responded with their final response letter (FRL) on 23 May 2022. They upheld her complaint and apologised for the error, saying that their processing partner dealing with her file hadn’t followed the instructions not to pay the funds to the dealership until after she had completed the test drive. Zuto said they had unwound the agreement and refunded the funds back to the lender, and apologised.

Unhappy with this response and feeling she had suffered far more than Zuto recognised, Miss P brought her complaint to our service in July 2022.

An investigator here investigated the complaint and upheld it in Miss P’s favour. They said that they were persuaded that Zuto should compensate Miss P £100 for the distress and inconvenience caused by their error. Miss P accepted this, but Zuto did not respond, so the case has come 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’ve 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 (if appropriate) what I consider was good industry practice at the time.

When she spoke to our service, Miss P explained the stress caused by waiting for the agreement to be unwound. She also mentioned having to apply for finance again and that she felt she might have had to pay more for this finance, based on having two agreements on her credit file at that point.

The only evidence provided for this was a screenshot of finance with a different provider at an APR of 15.8%. This is very similar to the finance offered by Zuto at 14.9% APR, and also wasn't for exactly the same amount of finance. I'm not persuaded that this difference in rate or the admin fee payable on this subsequent agreement were directly because of having two agreements open. This may just have been the commercial terms available at the time from another lender. Miss P said she couldn't provide any further evidence, so I don't think it would be reasonable for me to find that that the error Zuto made has directly caused Miss P any further costs here.

Similarly, Miss P hasn't provided any evidence of her credit file or any impact on it, but it appears that Zuto dealt with the problem reasonably quickly and unwound their mistake. We asked Miss P if she could confirm her credit file had now been updated, and whilst we didn't receive an answer to this question, her acceptance of our view confirms for me that she has no concerns with that side of things now, so I won't be commenting further on this.

Miss P felt that the level of distress and inconvenience caused warranted more than an apology, and I agree with her. She explained how concerned she was when she went for the test drive. She couldn't test drive the car when it wouldn't start, and then she also found it wasn't as advertised, so she decided it wasn't the car for her. But then she was told by the person at the dealership that she'd already bought it, which caused her immediate distress. I can appreciate the distress this must have caused.

She was also told she'd have to wait for a text message to confirm it had all been unwound when she really wanted to speak to someone and be reassured. I think this feels reasonable; when something like this has gone wrong, the sooner it can be fixed, and the sooner Miss P can be reassured that it's been put right, the sooner her concerns can be allayed.

I am upholding this complaint, and my finding is that Zuto should make a payment of £100 to Miss P for the distress and inconvenience caused to her by their error. I'm sorry she had to suffer this, but glad that Zuto were able to unwind the agreement and put things right reasonably quickly. I think £100 recognises the distress and inconvenience caused to Miss P.

### **Putting things right**

Zuto Limited must pay Miss P £100 for the distress and inconvenience caused by their mistake.

### **My final decision**

I am upholding this complaint, and direct Zuto Limited to put things right as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 13 January 2023.

Paul Cronin  
**Ombudsman**