

The complaint

Mr D is unhappy that Nationwide Vehicle Contracts Limited (NVC) failed to advise him that a car he'd provisionally ordered could be sold after a credit check had been carried out.

What happened

In July 2022, Mr D contacted NVC, a credit broker, to order him a new car and arrange finance for this. NVC processed Mr D's application for credit, which included carrying out a credit check. However, when they'd completed this process, they discovered that the dealer had sold the car Mr D wanted.

NVC told Mr D that he could proceed with another car, but this would mean another finance application. And another credit check. Mr D wasn't happy with this, as he said that another credit check would cause him problems when applying for a new mortgage. So, he bought a car outright, which he says cost him £2,000 more than would usually be expected, because of the shortage of used cars and the higher price they therefore sold for. He also said that he'd suffered a loss of interest on his savings by having to buy a car outright. And he was planning to invest this money. So, he complained to NVC about this.

NVC said that they can't ensure that a car is reserved until a credit check has been carried out. And that their terms made this clear. So, they didn't think they'd done anything wrong. However, they did offer to speak to the mortgage company dealing with Mr D's application and explain to them the situation and what'd happened, to assist with Mr D's application. Mr D wasn't happy with NVC's response. And he brought his complaint to us for investigation.

Our investigator said that NVC had made an error by not reserving the car while they processed Mr D's application. And this would've caused Mr D some distress and inconvenience. So, she thought that NVC should pay Mr D £200 to compensate him for this.

However, she said she hadn't seen anything to show that a second credit search would've adversely affected Mr D's mortgage application. Nor had she seen anything to show that Mr D paid £2,000 more for the car than he would otherwise have reasonably done so, or that he'd specifically lost out on any investment by using his savings to buy a car instead. So, she didn't think NVC needed to pay Mr D anything more.

Mr D didn't agree with the investigator. He said that *"had I agreed to a second credit check this WOULD have impacted my credit file. That's objectively demonstrable."* And he went on to explain why he felt he needed *"the most squeaky-clean credit file possible."*

Mr D also said that, as he couldn't get the car he initially wanted through NVC, he had no other option but to purchase a nine-year old car for £10,000, and he had to take money out of his business to do this. And *"the extra tax alone is over £2,000."* He also said that the car he purchased had now depreciated to £7,000 and, because of the age and type of the car *"is not what someone in my role would expect to be driving"* that this has also caused him reputational damage.

Because Mr D didn't agree with the investigator, this matter has been passed 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 what I consider was good industry practice at the time. NVC ordered the car for Mr D as an ancillary action to their credit broking activity – the car was only ordered by NVC as they were also arranging the finance for Mr D, so the two are intrinsically linked. So, as credit broking is a regulated activity, this is something we're able to look at.

I've seen a copy of the quote supplied to Mr D on 13 July 2022, which confirmed that the car he was looking to finance had *"limited availability"*. And, in accepting the quote, Mr D also confirmed that he had read and accepted NVC's terms and conditions. And these confirm that *"vehicle supply is subject to availability, In the unlikely event that the vehicle you have ordered is not available ... [NVC] will contact you by email or telephone to confirm with you whether you wish to proceed with your order or to provide you with possible alternatives."*

I've also noted that the quotation provided to Mr D didn't confirm any expected delivery date for the car. And I haven't seen anything else that shows me that Mr D was provided with any expected delivery date for the car he wanted to finance.

NVC emailed Mr D the following day to explain that the car he wanted was no longer available – it'd been sold by the dealer. And they offered him the option of a replacement car (which was a different colour and was a manual transmission instead of a semi-automatic) which would be available for delivery in around six weeks.

I've seen that, in a follow up email dated 20 July 2022, NVC told Mr D that the dealer is *"not permitted to secure a car until they have credit approval."* And it's not disputed that Mr D was told he would need to go through a further credit approval process for the replacement car he'd been offered.

However, this email is at odds with the 14 July 2022 email offering Mr D the replacement car. Which says *"very sorry – the retailers seem to be fighting us and winning for cars – the [replacement car option] is held for me as "sold" for 24 hours."* Based on this, I'm satisfied that NVC had a process whereby cars could be held as *"sold"* for a short period while the finance application was being processed. And, knowing both the limited availability of the car Mr D was looking for and that they were in a *"fight"* with retailers to secure cars; I'd have expected NVC to follow this process when Mr D first placed his order.

As such, I'm satisfied that NVC not doing this caused Mr D some inconvenience.

Mr D has supplied details of the car he bought instead, and the publically available information on this car shows the V5C was registered on 19 July 2022. Based on this date it's reasonable to conclude that Mr D obtained the car on or just before 19 July 2022. So, I don't doubt that Mr D was in need of transportation at this time.

However, I also need to consider that no delivery date on the first car was ever confirmed. And the second car NVC offered Mr D was available for delivery within a reasonable period of time – around six weeks. Mr D has also explained why the car he obtained in July 2022 wasn't really suitable for his needs, and that he feels he paid £2,000 more than it was worth at the time.

What's more, it's not disputed that a second credit check would've shown on Mr D's credit file. And this would've been visible to any potential lenders. However, I've not seen anything to show that this would've had an adverse impact on Mr D i.e. his mortgage lender would've either refused a mortgage, or would've charged a higher interest rate than they otherwise would've done, solely as a result of the additional credit search.

In addition to this, it's also my understanding that it was Mr D's intention to apply for a new mortgage. But this wasn't something he'd actually done, or was immediately about to do, when he applied for finance with NVC. And, in an email dated 8 February 2023, Mr D confirmed that he'd just *"secured my new mortgage."*

Taking all of the above into consideration, I'm not satisfied that NVC's actions on 13 July 2022, by not making any attempt to *"hold"* the car Mr D wanted before they processed his finance application, gave Mr D no other option but to purchase this particular used car, one which he considered to be overpriced and a bad bargain,

I've also noted that Mr D has been inconsistent with his explanation as to how he funded the car purchase in July 2022. In the complaint form Mr D submitted on 13 August 2022, he explained that *"I've had to take money out of my savings and buy a car for cash [and] I've suffered a loss of interest on my savings ... just as I was about to invest them into the market at a low point."*

However, in an email of 15 December 2022, Mr D said that *"to buy a car I had to take money out of my business which made me a higher rate taxpayer. This, again, I can prove. The extra tax alone is over £2,000."* Then, in an email the following day, Mr D said this money was taken as a dividend payment from his company and *"to get £10,000 net, I need to take out £15094 and pay £5094 tax."*

Given this inconsistency, and because Mr D hasn't provided any evidence of where the money actually came from, I can't be satisfied whether it came from savings or dividends from his company, or how much potential interest was lost or what tax was actually paid on the dividends (which would depend on a number of other different factors relating to Mr D's personal tax circumstances, and not just the amount of any dividend). But, for the reasons already given, as I'm not satisfied that Mr D had no other option but to purchase that particular car, for that particular price; I won't be asking NVC to compensate Mr D for the results of the choice he made – either relating to the purchase price itself, or for any interest lost / tax paid.

In his email of 8 February 2023, Mr D also confirmed that he had now applied for finance for a new car and was in a position to sell the car he purchased in July 2022. And he expected this would be for around £3,000 less than he paid for it. But Mr D had use of the car for at least seven months, during which time he increased its mileage. So, I'd expect an older car with more mileage to sell for less than a younger car with less mileage. And I don't think it's unreasonable that this would happen.

I've also noted that, had Mr D been able to secure the car he wanted through NVC, he would've paid NVC around £2,500 in finance payments during this time – an amount he hasn't needed to pay given his choice to purchase an alternative car. So, I don't think it's reasonable to ask NVC to pay Mr D the £3,000 he expects will be the difference between the purchase and sale price of the car.

Putting things right

As I've already said, this doesn't mean that NVC's actions didn't cause Mr D some inconvenience. The investigator has recommended a payment of £200 to recognise this. I think a payment of £200 is a fair one and in line with what I would direct in similar circumstances. So, I direct NVC to pay Mr D £200 in recognition of the impact he's experienced.

My final decision

For the reasons explained, I uphold Mr D's complaint. And Nationwide Vehicle Contracts Limited should follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 March 2023.

Andrew Burford
Ombudsman