

## **The complaint**

Mr J complains that Volkswagen Financial Services (UK) Limited (who I'll call VWFS) didn't make early settlement charges clear enough in their terms and conditions.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

I know it will disappoint Mr J, but I don't think VWFS have made a mistake or that they have been unreasonable here. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr J acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

I've looked at the hire purchase agreement. This states at the top that it is regulated by The Consumer Credit Act 1974.

The Consumer Credit Act covers several areas of consumer credit including the content and form of credit agreements and the procedures relating to default, termination and early settlement. In relation to early settlement the Consumer Credit Act says that settlement figures should be calculated using the rules set out in the Consumer Credit (Early Settlement) Regulations 2004. It says that the settlement date becomes 28 days after receipt of the settlement request and it goes on to allow the creditor, if the loan is for more than one year, to defer the settlement date by 30 days. So that explains the 58-day charges Mr J has incurred.

These terms aren't explicitly referred to in the credit agreement and I understand Mr J's concern. But there's a balance to be struck between defining and explaining each and every term of a contract and keeping a contract to a reasonable length.

Mr J says the contract was misrepresented to him. Misrepresentation is, in very broad terms, a statement of law or of fact, made by one party to a contract to the other, which is untrue, and which materially influenced the other party to enter into the contract. I'm not persuaded

that there has been a false statement of fact here. VWFS didn't tell Mr J, for instance, that the Consumer Credit (Early Settlement) Regulations 2004 didn't apply to his finance agreement.

I've thought about whether Mr J would have done anything differently if he had been aware of the early repayment provisions. The additional payment Mr J is disputing is not an insignificant figure but it's a small proportion of the overall credit and, on balance, I'm not persuaded that if Mr J had known he'd be liable for this at the outset it would have been significant enough to persuade him not to proceed with the finance agreement. And if he hadn't settled early he would've paid significantly more interest. So, I don't think VWFS needs to take any further action.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 15 January 2024.

Phillip McMahon  
**Ombudsman**