

The complaint

Mr S complains that Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services ("VWFS"), gave him conflicting information about setting up a repayment plan.

What happened

In May 2019 Mr S entered into a regulated hire purchase agreement with VWFS for a new car. He was to pay about £640 a month for 48 months. (He also had an unregulated service agreement.)

In May 2020 Mr S ran into financial difficulties due to the covid-19 pandemic. In August 2022 he voluntarily terminated the agreement, and asked to pay off his arrears in a repayment plan, paying £164 a month for three years. He was initially told that he could do so, but was later informed that a repayment plan could not exceed one year. This complaint is about being given this conflicting information.

(Mr S has also complained about being harassed by VWFS and various issues of poor customer service over the past two years, but our investigator ruled that our service had no jurisdiction to consider those points, because Mr S had left it too late under our time limits. He also sought to complain about the service agreement, but as that is unregulated the investigator said she could not consider that either. Those decisions have not been challenged, and so this decision is only about the issues which our investigator considered on their merits.)

Mr S says that the whole experience has adversely affected his mental health, and this in turn has diminished his ability to do his job. He says this has cost him about £5,000 a month. Between that and his general distress, he has asked for compensation of £151,000.

Our investigator upheld this complaint. She agreed that VWFS had given Mr S the wrong information about setting up a repayment plan, and that this error had been aggravated by VWFS failing to deal with that complaint point in its most recent final response letter. But she also thought this had been alleviated somewhat by the fact that in September 2022 VWFS had agreed a repayment plan of £165 a month over three years. So the misinformation had not ultimately prevented Mr S from paying back his arrears in the way that he had proposed, and affordably. She recommended that VWFS pay Mr S £300 for his inconvenience.

VWFS accepted that recommendation. Mr S did not. He said his life was worth more than £300. He emphasised the impact everything had had on him. He said he could not allow VWFS to get away with it. He asked for an ombudsman's 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.

VWFS accepts that this complaint should be upheld, but I've still considered the evidence. I've listened to the recording of the August 2022 phone call in which the call handler told

Mr S that he could repay the outstanding balance over as long a period as necessary. He was subsequently told that this was not possible. I can see in VWFS's contact notes that in September a repayment plan was put in place for one year, not three, at £165 a month. But this appears to have been extended annually, so that this plan remained in place for three years. (It may have been done this way as a workaround.)

So I will uphold Mr S's complaint about being misinformed. It only remains for me to decide what would be fair compensation for that error.

Putting things right

I must emphasise here that I am only dealing with Mr S's complaint about what happened when he voluntarily terminated the agreement and tried to set up a repayment plan. I am not trying to compensate him for everything that happened over the two years from when covid struck.

I certainly agree that Mr S's life is worth more than £300, but that does not mean that the value of his complaint has to be measured quite like that. I am only considering the impact on him of being told one thing, and then another, and the disappointment and distress that it must have caused him when the prospect of a three-year repayment plan he could afford was seemingly snatched away. That must have been upsetting. But the following month, the repayment plan he wanted (or a very similar version of it) was agreed. So the bad news turned out to be wrong, and the good news – temporarily contradicted – turned out to be true after all. The original information was honoured in the end.

It is regrettable that this happened at all, particularly to someone who was a vulnerable customer. Mr S says (and I accept) that he was experiencing mental health problems at the time, and of course he had been in long-term financial difficulties too. Taking this into account, however, I do not think that compensation of a six-figure sum is called for in this case. I think that £300 is fair.

My final decision

So my decision is that I uphold this complaint in part. I order Volkswagen Financial Services (UK) Limited to pay Mr S £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 December 2023.

Richard Wood
Ombudsman