

## **Complaint**

Mr P is unhappy that Hyundai Capital UK Limited (“Hyundai”) only offered him short-term help for his conditional sale agreement once he fell ill. He says that he needed a more long-term plan.

## **Background**

In September 2022, Hyundai provided Mr P with finance for a used car. The purchase price of the vehicle was £9,480.00. Mr P paid a deposit of £1,000.00 and entered into a 60-month conditional sale agreement with Hyundai for the remaining £8,480.00 he needed to complete the purchase.

The loan had interest, fees and total charges of £2,657.80 and the balance to be repaid of £11,137.80 (not including Mr P’s deposit) was due to be repaid in 60 monthly instalments of £185.63.

In December 2023, Mr P got into contact with Hyundai as he’d been diagnosed with an illness which he was about to begin undergoing treatment for. Mr P wanted to arrange lower monthly payments going forward as a result of this. However, Hyundai said that this wasn’t something that it was able to agree to on an ongoing basis and instead offered Mr P a three-month payment break. Mr P was dissatisfied at this and referred his complaint to our service.

Mr P’s complaint was considered by one of our investigators. He reached the conclusion that Hyundai hadn’t done anything wrong or treated Mr P unfairly. So he didn’t recommend that Mr P’s complaint should be upheld.

Mr P disagreed with the investigator’s assessment and so the complaint was passed to an ombudsman for a final decision.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything provided, I’ve decided not to uphold Mr P’s complaint. I’ll explain why I’ve done so in a little more detail.

It isn’t in dispute that Mr P got in contact with Hyundai, in December 2023, to explain that he had been diagnosed with an illness which he was about to begin undergoing treatment for and that this was going to impact upon his ability to make his payments to the agreement. Once a lender is told, or it realises, that a borrower is experiencing difficulty making payments, or that they will do so, we would expect it to exercise forbearance and due consideration, in line with its regulatory obligations.

Hyundai accepts that it should have initially done more to assess what it could do for Mr P, rather than simply focus on the fact that it wasn’t able to simply restructure Mr P’s agreement and reduce his monthly payments going forward. It has offered Mr P £50 in compensation as

a result of this. Furthermore, it isn't in dispute that Hyundai quickly offered Mr P a payment break after learning he was ill.

I appreciate that Mr P may have preferred a more long-term arrangement with Hyundai restructuring his agreement so that he had lower monthly payments, as he will have known that he would have to revisit matters with Hyundai once the payment holiday ended. However, Mr P had a conditional-sale agreement with Hyundai - not a fixed sum loan.

This is important because a conditional-sale agreement is a type of loan with certain characteristics in terms of the obligations on the parties as well as the protections afforded to customers. This means that a conditional sale agreement can't just automatically be extended, in the same way that a fixed-sum loan might be able to be, without those obligations and protections being affected.

Furthermore, the amount lent has a link to the value of the car over the period as the borrowing is effectively secured on it. And the car would not have been worth the same amount at the time Mr P fell ill. So attempting to rewrite the agreement on new terms may well have created a mismatch between the amount borrowed and the asset being financed.

So while I can fully understand why it might have been frustrating for Mr P that Hyundai didn't agree to restructure his agreement in the way he'd hoped, I do think that it was fair and reasonable for Hyundai to grant an immediate temporary payment holiday, as breathing space, ahead of Mr P considering longer term options once he completed his treatment. Indeed this also provided Mr P with enough time to reach an arrangement to sell the car (and clear the finance that way) in the way that he did in the first half of 2024.

I'm therefore satisfied that Hyundai did take action and offered some help and support when Mr P got in touch to explain that he would have difficulty making his payments. And although I do accept that there may have been a need for further calls, Hyundai has acknowledged this was unreasonable and offered compensation for this. If this compensation hasn't already been paid, I leave it up to Mr P to decide whether he wishes to contact Hyundai to accept this.

I've also noted that Mr P is also unhappy that the motor dealer he acquired the vehicle from offered a part-exchange value, for his existing car, that was substantially lower than what another dealer had offered him. However, Hyundai wasn't responsible for deciding the part exchange value of Mr P's previous car. It was the motor dealer that sold the car who decided this.

I've not seen anything to indicate that Mr P was misled over the part exchange amount. Indeed from what Mr P has said he seems to have been aware that the amount the dealer was reducing the purchase price of the new vehicle by, which is listed on the conditional sale agreement, was lower than what he says he was offered elsewhere. I therefore cannot see that Hyundai did anything wrong the transaction.

In these circumstances, and if Mr P is unhappy with the motor dealer's actions during the sale, it seems to me that he should direct his concerns to it. This is particularly as the motor dealer the party that purchased Mr P's previous vehicle and it is therefore best placed to respond to Mr P's allegations. As this is the case, I've not been persuaded that Hyundai did anything wrong, that it acted unfairly in relation to this matter, or that it should now pay Mr P the difference between the amount on the agreement and what Mr P says he was offered by a different motor dealer.

Overall and having considered everything, I've not been persuaded to uphold Mr P's complaint. It's unclear whether Hyundai has already paid the compensation it offered to Mr P

in its final response. However, if the compensation hasn't already been paid, I leave it up to Mr P to decide whether he wishes to contact Hyundai to accept this. I appreciate that this will be very disappointing for Mr P. But I hope that he'll understand the reasons for my decision and at least feel that his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 February 2025.

Jeshen Narayanan  
**Ombudsman**