

The complaint

Mr S complains about the quality of a car supplied to him by Secure Trust Bank Plc trading as V12 Vehicle Finance (“STB”) under a hire purchase agreement (“agreement”).

What happened

In May 2023 Mr S entered into an agreement with STB for a used car costing £14,490.00. The car was approximately four years old and had an odometer reading of 119,193 miles.

Under the terms of the agreement, everything else being equal, Mr S undertook to pay a deposit of £1,500.00 followed by 59 monthly payments of £296.02 and 1 monthly payment of £306.02 making a total repayable of £19,271.20 at an APR of 13.9%.

In June 2023 Mr S complained to both the original supplying dealership and STB about the quality of the car.

On 18 August 2023 STB emailed Mr S to say that it was supporting his right to reject the car and once it had been returned to the original supplying dealership it would arrange the return of his deposit and all the monthly agreement payments he had made less any charges payable for damage (to the car) deemed beyond reasonable fair wear and tear. It also advised Mr S if that he continued to use the car it would charge him 25 pence a mile for that usage and for any damage that further usage caused to the car.

On 21 August 2023 Mr S returned the car to the original supplying dealership with an odometer reading of 128,891 miles.

STB then issued Mr S with a final response letter (“FRL”). Under cover of this letter STB said that it would end the agreement (with nothing further for Mr S to pay) remove any reference to the agreement from Mr S’ various credit files and arrange for the original supplying dealership to refund the deposit he had paid of £1,500.00. It also said that in doing (or arranging) all of the above it had, in essence, written off £1,527.69 that it could have reasonably sought the payment of from Mr S, broken down as follows:

• payments made by Mr S (4 x £296.02)	(£1,184.08)
• payments refunded to Mr S (1 x £296.02)	£296.02
• damage to the car on its return (estimated)	£1,000.00
• miles travelled by Mr S @25p a mile (124,856 – 119,193)	£1,415.75
• total	£1,527.69

As I understand it STB did what it said it would do but the original supplying dealership only refunded Mr S £1,200.00 of his deposit, not £1,500.00, arguing that the balance of £300 was in respect of a TFL licence.

Mr S’ complaint was considered by one of our investigators who came to the view that STB should pay Mr S, in the absence of the original supplying dealership having done so, £300.00 together with interest.

It's not clear whether Mr S accepted the investigator's view but STB didn't. And because of the latter Mr S' complaint has been passed to me for review and 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've read the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point or particular piece of evidence, 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. Our rules allow me to do this, reflecting the fact that we are an informal free service set up as an alternative to the courts.

I would also add that where the information I've got is incomplete, unclear or contradictory, as some of it is here, I've to base my decision on the balance of probabilities.

Finally, and for the avoidance of doubt, I would like to make it clear that I'm only considering in this decision the complaint Mr S has against STB and not any complaint he might have against any other business including, but not restricted to, the original supplying dealership.

It's not clear whether Mr S holds the view that STB should have to compensate him beyond what it offered to compensate him under cover of its FRL. But for the avoidance of doubt I can confirm that I'm satisfied that STB's offer' made under cover of its FRL' is both fair and reasonable.

I appreciate this whole matter has caused Mr S both distress and inconvenience and that he may have incurred some unplanned expenditure. But the fact remains that STB's offer results in, everything else being equal, Mr S having had to pay STB under £1,000.00 for a car in which he was able to travel in the region of 10,000 miles in under three months.

I will now turn to STB's offer (in full and final settlement of Mr S' complaint) in a little more detail.

STB's offer was for:

1. Mr S to return the car to the original supplying dealership
2. it to retain payments made by Mr S (under the agreement) of £888.06
3. it to seek no further payments from Mr S
4. it to remove all record of the agreement from Mr S' various credit files
5. the original supplying dealership to return to Mr S the deposit he paid for the car

As I understand it points 1-4 above have been completed/concluded but there is a dispute over whether point 5 above has been.

As I understand it the original supplying dealership has returned to Mr S £1,200.00 but Mr S says the deposit he paid it was £1,500.00 – meaning he is 'out of pocket' by £300.00.

I've considered the reasons given by STB and the original supplying dealership as to why only £1,200.00 has been returned to Mr S and not £1,500.00, this being that the sum of £300.00 was paid by Mr S not as a deposit for the car but for a TFL licence.

But the evidence provided by STB (and the original supplying dealership) in this respect isn't in my view very clear or persuasive. But what in my view is very clear and persuasive is that the agreement and the sales invoice both state that a deposit of £1,500.00 was paid by Mr S for the car, not £1,200.00 for the car and £300.00 for a TFL licence.

So with the above in mind I find that to ensure that the offer STB made to Mr S under cover of its FRL, and which Mr S accepted in good faith, it needs to pay him £300.00 together with interest.

My final decision

My final decision is that Secure Trust Bank Plc trading as V12 Vehicle Finance, to the extent it hasn't done so already, must:

- not pursue Mr S for any further payments in respect of the agreement
- remove any record of the agreement from Mr S' various credit files

and that it must:

- pay Mr S £300.00
- pay Mr S interest at 8% a year simple on the above sum of £300.00 from the date the original supplying dealership returned to Mr S the sum of £1,200.00 to the date of settlement*

**HMRC requires Secure Trust Bank Plc trading as V12 Vehicle Finance to take off tax from this interest. If Mr S asks for a certificate showing how much tax has been taken off this should be provided.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 September 2024.

Peter Cook
Ombudsman