

## **The complaint**

Mr R complains that Secure Trust Bank Plc (t/a Moneyway) ("STB") continued to take payments even though his car had been collected, and it's now holding him liable for the outstanding balance on the agreement.

## **What happened**

Mr R entered into a hire purchase agreement in April 2022 for a term of 60 months. Shortly after, and within 14 days, he contacted STB about rejecting the car. Although the car was collected eventually, STB is holding Mr R liable for the outstanding balance under the credit agreement, and it's asking him to set up a payment plan to repay this. He's unhappy that STB hasn't sought the outstanding balance from the dealership who sold him the car.

STB rejected this complaint and said it hadn't done anything wrong. It acknowledged that Mr R had contacted it on 9 May – around ten days after the agreement commenced – saying he wished to return the car as it was too big. And it advised him that as there was nothing wrong with the car, he should contact the dealer to explain what he wished to do – it would be its discretion as to whether it would accept the return of the car.

STB said it heard nothing further from Mr R for nearly seven months, until he contacted it in December 2022 to let it know that the car was still parked at his address – Mr R had been away from home and had not been aware of this. STB says it reconfirmed what it had told Mr R in its previous telephone conversation, and it confirmed it was the dealer's decision, when there was no fault with a car, whether it would accept its return.

STB explained that the cooling off period associated with the hire purchase agreement only related to the finance that Mr R had applied for and been accepted for; it did not apply to the car itself. And it explained that if Mr R wished to reject the finance, he'd need to find alternative means with which to repay the finance at the same time.

STB told this Service that after its telephone call with Mr R in December, he'd told it that he had decided to keep the car after all, and direct debit payments had been made until March 2023. It said it had received no monthly payment after this, and it had been advised that Mr R had voluntarily surrendered the car, and its records showed an outstanding balance of just over £12,000.

Our investigator looked at this complaint and said she didn't think it should be upheld. She said, taking everything into account, she thought STB had acted fairly and reasonably. And that it had used the proceeds from selling the car at auction to reduce Mr R's account balance. The outstanding balance – the shortfall – was still owed to STB by Mr R.

Mr R disagrees so the complaint comes to me to decide.

## **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 considered all the evidence and testimony from both Mr R and STB afresh, I've reached the same conclusion as our investigator and for broadly the same reasons. I'll explain why.

Mr R was supplied with a vehicle under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it. In entering into this agreement, Mr R agreed to its terms and conditions, and the agreement was the way in which Mr R financed his acquisition of the car.

The credit agreement sets out clearly the monthly payments that Mr R needs to make over the 60-month term of the agreement. It explains how much interest he'll be charged, and how much he'll repay in total over the full term.

The agreement set out on page 1 Mr R's right to withdraw from it *without giving any reason, before the end of 14 days*...and it explains how he could give notice of his intention to withdraw. But it went on to explain that if he gave notice to withdraw, he'd need to repay to STB, the full amount of credit.

But it also explained that in the event he did not repay the outstanding amount in full, STB would be entitled to sell the vehicle, deduct the sale proceeds from the amount that Mr R owed, and it would then require him to repay any remaining shortfall.

Looking at the sequence of events, this is exactly what happened. Mr R made monthly payments by direct debit for nearly a year, and after this he made no further payments. He voluntarily surrendered the car, and it was sold at auction. The proceeds from this sale were applied to Mr R's account to reduce the overall balance outstanding. And the remaining amount, around £12,000, was the amount left owing on the account; Mr R needed to repay this sum himself.

I understand that he doesn't think it's fair – he still owes a significant sum under a finance agreement he signed in order to acquire a car that he no longer has use of. But that is how this sort of finance agreement operates, and I can't see that STB has done anything wrong here in the circumstances.

If Mr R is experiencing financial difficulties repaying the amount owed to STB, then he needs to contact it and tell it about his situation and circumstances. There are rules and guidance set out by the Financial Conduct Authority ("FCA") that explain how firms – in this case STB – must treat customers who are in arrears or experiencing difficulties repaying their outstanding debt. These are detailed in the FCA's Consumer Credit handbook ("CONC")

I know that Mr R will be disappointed with the outcome of his complaint, but I hope that he understands the reasons why I've reached the conclusions that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 January 2025.

Andrew Macnamara  
**Ombudsman**