

The complaint

Miss F complains that Zuto Limited mis-sold her a hire purchase agreement.

What happened

In July 2022 Miss F entered into a regulated hire purchase agreement with a third party in relation to a used car. The agreement was brokered by Zuto. She complains that the agreement had been mis-sold because she had not been told that the interest was front-loaded. (She says this came to light when she asked the third party for an early settlement figure.) And she says that the dealership had told her that the car came with a full service history, but this had turned out not to be true.

Zuto did not accept that the agreement had been mis-sold.

Miss F then brought this complaint to our service, but our investigator did not uphold it either. He said there was no evidence that the car had been advertised as having a full service history, and the invoice didn't mention this. Although the agreement didn't say that the interest would be front-loaded, it had still been clear how much Miss F would have to pay, and how much of that consisted of interest. The figures were correct. So he concluded that the agreement had not been mis-sold.

Miss F did not accept that decision. She said that as the agreement had not mentioned that the interest was front-loaded, it must have been mis-sold. She argued that she should not have to "read between the lines" to figure out how the agreement works. She 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.

Having done so, I do not uphold it. I will explain why.

Although the agreement does not spell out that the interest was front-loaded, this is standard practice in the motor industry, and it was taken into account when the Consumer Credit (Early Settlement) Regulations 2004 were passed. I am therefore satisfied that Miss F has not been treated unfairly in that respect, although I appreciate that she was disappointed to learn how the agreement works.

I've seen no evidence that the car was marketed as having a full service history.

For these reasons, I don't think the agreement was mis-sold.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 18 October 2024.

Richard Wood
Ombudsman