

The complaint

Mr Y complains that MI Vehicle Finance Limited (MIVF) were unreasonable to seek to terminate his finance agreement, take back the car it financed, and recover the balance owed.

What happened

June 2022 Mr Y took receipt of a new car. He financed the deal through a hire purchase agreement with MIVF.

In May 2023 MIVF noted that the car had been registered in a family members name. They wrote to Mr Y telling him that he had breached their contract, and that the agreement would, therefore, be terminated and Mr Y would need to return the car to them. Mr Y would need to pay the balance due on the agreement and they would report it to his credit file as defaulted.

Mr Y told MIVF that the car had been put in his brother-in-law's name at the suggestion of the dealership. MIVF confirmed that with the dealership, but they explained that they had only activated the agreement on the basis of Mr Y's application. As a gesture of goodwill, they were prepared to allow Mr Y to take ownership of the car if he settled the agreement.

Mr Y referred his complaint to this service and in the meantime, he paid the outstanding balance on the agreement and took ownership of the car. Our investigator thought that was fair, but Mr Y still thought MIVF had been unreasonable as he explained it was the dealership who had registered the car incorrectly. He asked for a final decision by an ombudsman.

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 know it will disappoint Mr B, but I'm not upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, 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.

Mr Y acquired his car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The terms of Mr Y's finance agreement explained:

“3.3 [...] You must not allow any other person to be a regular user or registered keeper of the Vehicle or allow any person with a provisional driving licence to drive the Vehicle without our prior written consent.”

It's important that the registered keeper matches the hirer to avoid complications related to insurance, legal responsibilities and compliance with the hire purchase terms. So, I can understand why MIVF chose to deem the contract to have been breached and in those circumstances, they were entitled to terminate the agreement.

I think MIVF have been reasonable here. They've noted the dealership's involvement in the decision to register the keeper of the vehicle and have allowed Mr Y to settle the agreement and take receipt of the car. They've also removed the default they applied to the account when payments weren't received.

I'm not persuaded that they need to take any further action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 5 November 2024.

Phillip McMahon
Ombudsman