

The complaint

Mr B complains about the way that Stellantis Financial Services UK Limited, trading as Vauxhall Finance, has dealt with the payments that he's made under a conditional sale agreement that he entered into to pay for a car.

What happened

A used car was supplied to Mr B under a conditional sale agreement with Vauxhall Finance that he signed in March 2023. The price of the car was £19,800, Mr B paid a deposit of £1,000 and he agreed to make 60 monthly payments of £428.58 to Vauxhall Finance. A settlement statement was provided to Mr B in January 2024 which showed that the total amount payable for early settlement was £17,165.22.

Mr B complained to Vauxhall Finance in March 2024 and, in its response, it said that it understood that his complaint was that he wasn't informed that a greater proportion of his monthly repayment represents more interest at the beginning of the contract than it does later in the term. It said that it wasn't present at the point of sale so was unable to comment on the information and discussions which were held with the dealer when setting up the agreement so it was unable to assist Mr B with his concerns (but it said that it had forwarded his complaint to the dealer).

Mr B wasn't satisfied with Vauxhall Finance's response so complained to this service. The note of his call to this service says that he was complaining that the interest was locked at 7.6% but a year after he'd entered into the agreement, Vauxhall Finance had taken £6,000 towards interest and only £1,000 towards the capital, which wasn't what was agreed. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He didn't feel that Vauxhall Finance had been shown to have done anything wrong as he couldn't see that a false statement of fact was made or that the agreement was misrepresented to Mr B in any way.

Mr B didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He says that:

- Vauxhall Finance hasn't provided a breakdown of the settlement figure or the requested information regarding the calculation of interest and capital repayments;
- the settlement figure provided seems disproportionately high given the payments made and the interest-heavy nature of the early payments wasn't adequately communicated to him at the time of signing the agreement which has led to a misunderstanding of the true cost of the finance agreement, which he believes constitutes a misrepresentation;
- his understanding was that a more significant portion of his payments would go towards the principal amount, which wasn't reflected in the settlement figure provided; and
- the lack of detailed information and the perceived unfairness of the settlement figure lead him to believe that his rights under section 75 of the Consumer Credit Act 1974 haven't been fully upheld.

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.

Mr B signed the conditional sale agreement in March 2023 and agreed to make 60 monthly payments of £428.58 to Vauxhall Finance for the car to be supplied to him. The terms and conditions of the agreement set out his right to settle the agreement early. The agreement clearly shows the price of the car, the amount of interest payable, the total charge for credit, the interest rate (both as a fixed rate and an APR) and the number and amount of the monthly payments. Immediately above Mr B's signature on the agreement, it says: *"Please read the full terms and conditions of this Agreement carefully and only sign this Agreement if you wish to be legally bound by its terms and conditions"*.

The monthly payment was fixed for the five year term of the agreement. At the beginning of the agreement, when the amount of capital outstanding is larger, the amount of interest due each month on the capital is higher so a larger proportion of each monthly payment is used to pay the interest. Over the term of the agreement, as the amount of capital outstanding reduces, the amount of interest due each month on the capital also reduces so a larger proportion of each monthly payment is used to repay the capital. I've seen no evidence to show that Vauxhall Finance has allocated Mr B's payments between interest and capital incorrectly and I'm not persuaded that there's enough evidence to show that the dealer misrepresented the payments to him. Nor am I persuaded that Mr B was induced into entering into the conditional sale agreement by any misrepresentation or that there's been a breach of contract in the circumstances about which Mr B has complained that would cause Vauxhall Finance to have any liability to him under section 75.

The settlement statement that was provided to Mr B in January 2024 says that the total amount payable was £21,858.96 but there was a rebate of charges of £4,693.74 (which the statement says was calculated in accordance with the Consumer Credit (Early Settlement) Regulations 2004) so the amount payable for early settlement was £17,165.22. I've seen no evidence to show that Vauxhall Finance has calculated the early settlement figure incorrectly or not in accordance with those regulations.

I consider it to be disappointing that Vauxhall Finance hasn't provided Mr B with a breakdown of the amount of interest and capital included in the early settlement figure as I would expect that information to be readily available to it. But I don't consider that there's any requirement for it to provide that information to him and I don't consider that its failure to do so is enough reason to uphold his complaint.

I'm not persuaded that there's enough evidence to show that Vauxhall Finance has acted incorrectly in connection with the payments due from Mr B under the conditional sale agreement. I appreciate that this will be disappointing for Mr B, but I find that it wouldn't be fair or reasonable in these circumstances for me to require it to take any action in response to his complaint.

My final decision

My decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 March 2025.

Jarrold Hastings

Ombudsman