

The complaint

Mr W complains that Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services, has terminated the hire purchase agreement under which a car was supplied to him.

What happened

A new car was supplied to Mr W under a hire purchase agreement with Audi Financial Services that he electronically signed in March 2019. The price of the car was £19,378.17, Mr W made an advance payment of £336 and he agreed to make 48 monthly payments of £269 and a final payment of £9,476.25 to Audi Financial Services. Mr W didn't make all of those payments so his account went into arrears. Audi Financial Services says that, in May 2023 when the final payment was due, Mr W owed it £15,188.25. It accepts that it provided some incorrect settlement figures to Mr W but it provided him with a correct settlement figure in February 2024, it sent him a default notice in March 2024 and, when he didn't remedy the default, it terminated the agreement in April 2024 due to the arrears on his account.

Mr W complained to Audi Financial Services in April 2024 and it partially upheld his complaint. It said that the arrears were £15,166.76 and Mr W could hand the car back and it would be sold at auction (and he would be liable for any shortfall) or he could pay the arrears and keep the car. It said that it was unable to amend his credit file as it's required to report true and factual information but it apologised for the incorrect settlement figures that were provided and it credited £500 to Mr W's bank account as a gesture of goodwill.

Mr W wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She said that Mr W's account had been terminated correctly, so she said that she wouldn't ask Audi Financial Services to reinstate the agreement, amend Mr W's credit file or stop the recovery of the car. Mr W didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He says that Audi Financial Services should reinstate the agreement so that a loan can be approved.

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 W had agreed to make 48 monthly payments of £269 and a final payment of £9,476.25 to Audi Financial Services for a car to be supplied to him. It's clear from the statement for Mr W's account that he didn't make all of those payments so his account was in arrears. Audi Financial Services accepts that it provided some incorrect settlement figures to Mr W and it has apologised for that and it credited £500 to his bank account as a gesture of goodwill. I consider that to have been a fair and reasonable response to the incorrect information that it gave to Mr W and I'm not persuaded that it would be fair or reasonable in these circumstances for me to require it to pay any more compensation to him for that issue.

Audi Financial Services provided Mr W with a correct settlement figure in February 2024 and it issued a default notice to him in March 2024. The default notice said that he was in breach of the hire purchase agreement because he hadn't paid the instalments due as required under the terms of the agreement and, to remedy the default, he must pay it £15,166.76 by a specified date in April 2024. The default notice said that, if he failed to pay the arrears before that date, it would take action to enforce its rights under the agreement and that it could terminate the agreement and recover possession of the car and arrears of rentals.

Mr W didn't make the required payment by that date so Audi Financial Services terminated the agreement later that month. I'm not persuaded that there's enough evidence to show that it acted incorrectly when it terminated the hire purchase agreement. Audi Financial Services is required to report true and accurate information about Mr W's payment history to the credit reference agencies. I've seen no evidence to show that the information that it has reported about Mr W's payments under the agreement isn't true and accurate so I'm not persuaded that it would be fair or reasonable for me to require it to amend the information that it's reported.

The default notice said that if Mr W failed to pay the arrears Audi Financial Services would take action to enforce its rights under the agreement and that it could terminate the agreement and recover possession of the car and arrears of rentals. Audi Financial Services said in its final response letter to Mr W that he could hand the car back and it would be sold at auction (and he would be liable for any shortfall) or he could pay the arrears and keep the car. I suggest that Mr W contacts Audi Financial Services to discuss the options that are available to him but I'm not persuaded that it would be fair or reasonable in these circumstances for me to require it to reinstate Mr W's hire purchase agreement or to take any other action in response to his complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 March 2025.

Jarrold Hastings
Ombudsman