

The complaint

Mr S complains about the administration of his hire purchase agreement with Toyota Financial Services (UK) PLC trading as Toyota Financial Services ('Toyota FS'). He says that he was not provided with a copy of the finance agreement, and he did not sign it. He says he has now found out that the finance agreement is not what he expected.

What happened

In October 2022 Mr S acquired a used car. The purchase price was £21,646 and Mr S entered into a hire purchase agreement. According to the hire purchase agreement I've seen, Mr S paid a deposit of £2,650 (including the part exchange of his old car). And he financed £18,996.

The agreement was that Mr S would pay 48 payments of £313.90 and then a final payment of £7,627.50. The total Mr S would pay over the 49 months of the agreement was £25,344.70.

Toyota FS used a third-party electronic document signing business to send the finance agreement to Mr S. I'll call this business firm D. Firm D also managed Mr S signing the document electronically. I can't look at complaints about Firm D and it hasn't directly provided any information to me.

Mr S says that Toyota FS supplied Firm D with an email address that isn't his. The email address is the same as Mr S' actual email address except that it ends in .co.uk rather than .com. It is possible for Mr S to have both email addresses, or they could be for separate people, or the one that is not Mr S' could not be in use at all. I can't definitively say which of these is correct. Mr S has said the .co.uk address is not his.

The .co.uk address is on the electronic signature information I have been supplied by Toyota FS. So Firm D may have used the .co.uk email address when it was arranging the electronic document signature. I understand Firm D may also have contacted Mr S by telephone or text message.

In February 2024, after receiving an annual statement, Mr S complained to Toyota FS saying that he didn't receive, or sign, the finance agreement at the time of sale. As he had not had a finance agreement before, he was unaware that he should have received this and he questioned whether the contract was as had been agreed at the time of sale.

Toyota FS considered his complaint and didn't uphold it. It said because Mr S had said he didn't sign the contract its fraud team had considered the situation. But as Mr S has the vehicle, and is paying for it, then it thought that fraud hadn't taken place. And whilst some communications may have been sent to an incorrect email address the third-party business that handled the administration of the finance agreement would have made checks when the contract was signed. And so, it was likely Mr S did receive the finance agreement.

Mr S didn't agree with this, and he brought his complaint to the Financial Ombudsman Service.

One of our Investigators considered this complaint but didn't uphold it. He said that it was likely that Mr S would have been informed about the sale of the car and the terms of the finance agreement. It was also likely that he had signed the agreement. But even if the finance contract was sent to an incorrect email address it seems unlikely that Mr S was unaware he was entering into a finance agreement, and what the details of this agreement were.

Mr S didn't agree. He said that:

- There had been a data breach and because of this error he didn't receive critical information about the finance agreement. Toyota FS should have sent the agreement to the correct email address.
- The overall financial terms of the agreement were not adequately communicated to him at the point of sale and so the agreement was misrepresented.
- He may not have proceeded with the agreement if he had been given better information.

There wasn't any further material correspondence between Mr S and the Investigator. As no agreement has been reached Mr S' complaint has been passed to me to make a 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.

Was this a fraudulent finance application?

Looking at all the information I've been provided it seems that Mr S went to a Toyota car dealership intending to acquire a car using a finance agreement. The finance agreement was signed electronically, and Mr S is in receipt of the car and has been using it since this time.

So, I don't think that this was a fraudulent application. Mr S has the car he is paying for, and he has received it from a (well known) business that he can contact if needed. And even though Mr S is now not happy with the terms of the agreement he clearly did want to start a hire purchase agreement to obtain a car. And this is what has happened. I've not seen any persuasive evidence that Toyota FS intended to mislead Mr S for financial gain, so I don't think fraud has taken place here.

Has there been a data breach?

A data breach would have taken place if Mr S' details were supplied to a third party without his consent. But even if I accept that one part of the sales process may have used an incorrect email address, it isn't clear to me that a third party received any of Mr S' confidential details.

The .co.uk email address may not be in use. And no party to the complaint has provided anything that shows that a third party received Mr S' information. So, I don't think I've been provided with enough evidence to show that it's likely a data breach occurred here.

Is it likely that Mr S received enough information about the finance agreement before he went ahead with it?

Buying a car is a fairly involved process and this seems to have been the case here. Mr S would likely have been given information about the car and the finance agreement in the dealership. And he was in contact with the dealership and Toyota FS over the time he bought the car. And I've seen emails between Mr S and Toyota FS that show Mr S was aware a hire purchase agreement was being put in place. Mr S hasn't said that he wasn't aware a finance agreement was being put in place. So, it's reasonable to say he was aware of some aspects of the finance.

Mr S says that he wasn't made aware of the interest rate used in the agreement. But the interest rate directly affects the amount that Mr S paid each month. And if the monthly payments were not as he was expecting them to be then it's likely that he would have raised this straight away.

So, I think it's reasonable to say that Mr S would have been aware of most of the aspects of the finance agreement. And I think it's likely that Mr S was provided with enough information to have made a decision about the agreement.

Is it likely that Mr S signed the finance agreement?

The finance agreement was electronically signed. And Toyota FS has said that Firm D would have verified Mr S' identity at the time using the information it has provided about him.

And, as I've said, Mr S would have been aware that he was being supplied a car and that he was entering into a finance agreement. It seems very unlikely that a third party passed any identity checks that Firm D asked them to do and then signed it on his behalf. So, it doesn't seem unreasonable to say that the most likely way the agreement went into force was that Mr S agreed to it and signed it.

Conclusions

I have taken on board what Mr S has said about not seeing the agreement or signing it. But Mr S did want a car and wanted to acquire it using a hire purchase agreement. Toyota offered a car that he is happy with using and partly paying for using a finance agreement and Mr S was aware of these broad aspects of the car sale. And he seems happy to have paid the monthly amount for over a year. So, the starting point here is that Mr S is paying for goods that he wants using a type of finance that he wanted to use.

Because of this it's difficult to say that Mr S has lost out here. There isn't any persuasive evidence to show that the car would have been available to him on different terms. Or that Mr S would have wanted to source another car or agreement. Given the car, and the terms of the hire purchase agreement, there is no real reason to assume that he would have been able to secure better value elsewhere.

So overall, and whilst I appreciate that Toyota FS may have made a mistake, I'm not persuaded that this led to Mr S starting an agreement that he wasn't informed about or didn't want. I don't think Toyota FS needs to do anything to put things right.

My final decision

For the reasons set out above, I don't uphold Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 December 2024.

Andy Burlinson
Ombudsman