

The complaint

Mr B is unhappy that a regulated finance agreement arranged by ITC Compliance Limited ('ITC') was mis-represented to him.

What happened

In December 2022 Mr B was supplied with a new car through a hire agreement with a finance company. This agreement had been arranged by ITC in their role as a credit broker. He paid an advance payment of £2,473.20, and the agreement was for 48 months with monthly rental payments of £274.80.

In 2024, Mr B enquired about changing the car and he says he was surprised to learn that he was in a hire agreement, and that he would not be able to change the car without buying his way out of this agreement. He says that, when he initially discussed his requirements, he had explained that his needs may change in the future, and that he may need to change the car within a few years.

Unhappy with this, Mr B complained to ITC. However they didn't uphold his complaint, so he brought the matter to the Financial Ombudsman Service for investigation.

Our investigator said that Mr B had been quoted on a number of different cars in October and November 2022, but always on a hire agreement. They said that, from the documents completed at the point the agreement was discussed, Mr B advised that he usually changed his vehicle "*less than every 3 years*", but that he intended to keep this vehicle for 48 months.

The investigator also said it was clear from the agreement itself that Mr B may not be able to terminate the agreement early without having to make an additional payment to the finance company – something that was common with other types of finance agreement as well. The investigator also thought that, given the time between the original quotes, the signing of the agreement, and the delivery of the car, Mr B had more than sufficient time to make an informed decision whether to go ahead with the deal. So, they didn't think the agreement had been mis-represented, and they didn't think ITC needed to do anything more.

Mr B didn't agree with the investigator's opinion. He said that, while he was told that he *may not* be able to change the car before the end of the contract, this doesn't mean that he wasn't able to change it. And his ability to change the car early wasn't explicitly ruled out.

Because Mr B didn't agree with the investigator's opinion, this matter has been passed to me to decide.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't

believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr B was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Mr B has said that he discussed potentially changing the car with the supplying dealership, and I don't doubt that was the case. However, what I need to consider is whether he specifically told them that he would need to change the car before the end of the agreement. And, from the comments Mr B has made throughout this complaint, I can't be satisfied this was the case – Mr B has talked about his potentially changing needs but hasn't ever specified that he knew from the outset that he wasn't planning to keep the car for the full length of the agreement.

This is also supported by the paperwork completed at the time, which shows that, while Mr B usually changed his car within three years, he indicated his intention to keep this car for the full four years of the agreement.

I also need to consider that Mr B hasn't been told he can't change the car, only that he would need to make a payment to the finance company to 'buy himself out of the agreement'. Mr B took the car under a hire agreement, and all the evidence shows that he was consistently quoted for a car under a hire agreement. So, he wasn't provided with a type of agreement he wasn't expecting or hadn't had the opportunity to review and discuss.

The hire agreement Mr B took out makes it clear that he would be liable for 50% of the rental payments that would naturally fall due under the agreement if the agreement was to be terminated early. And, as Mr B has confirmed, he was told that he may not be able to change the car during the course of the agreement.

If Mr B knew he definitely wanted to change the car during the course of the agreement before it even started, and from what I've said above I'm not convinced this was the case, then an agreement that required him to make 50% of the payments due may not have been suitable for these circumstances. So, I've also considered what other options Mr B would've had to finance the car – either a hire purchase or a conditional sale agreement.

A different agreement would've had different terms, and it's possible the advance payment and/or monthly payments would've been higher than with the agreement Mr B took out. However, both hire purchase and conditional sale agreements usually require 50% of the amount owing under the agreement to be paid if the agreement is voluntarily terminated i.e. if the car is changed during the course of the agreement. So, this term is essentially no different to the term in the agreement Mr B signed, albeit the actual amount payable would likely have differed based on the actual payments due under any given type of agreement.

As such, even if I were to accept that Mr B definitely told the dealership that he wanted to change the vehicle, and if this had resulted in him taking a different type of agreement; he would still find himself in the same position that he finds himself in now – he's unable to change the car during the course of the agreement unless and until he's paid a certain amount to the finance company.

So, for the reasons stated above, I'm not satisfied that the agreement was mis-represented to Mr B. And I won't be asking ITC to do anything more.

My final decision

For the reasons explained, I don't uphold Mr B's complaint about ITC Compliance Limited

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 May 2025.

Andrew Burford
Ombudsman