

## **The complaint**

Ms C complains Toyota Financial Services (UK) PLC (TFS) hasn't done enough to put things right following the rejection of her car that was subject to a finance agreement.

## **What happened**

In June 2023, Ms C entered into a 60 month hire purchase agreement for a used car. The car's cash price was around £9,500, it was around seven years old and had travelled over 50,900 miles. Ms C part exchanged a car which enabled her to settle a previous car finance agreement and she put down a deposit of £1,709. The monthly instalments were £167.

Shortly after acquiring the car, Ms C complained about a number of issues including:

- The air conditioning system wasn't working;
- The USB port wasn't working;
- The sudden loss of power when driving over 70mph on the motorway;
- The engine management lights coming on;
- Abnormal noises coming from underneath the car related to non-genuine brake pads;
- The car needed a full oil change.

The car was returned to the dealership on more than one occasion and during that time Ms C was provided with a courtesy car.

Given the ongoing issues, she asked the dealership to allow her to reject the car. This was initially refused and she complained to TFS. However soon thereafter, the dealership agreed to the rejection, the car was returned and they refunded the deposit to Ms C.

Ms C said she wanted to be refunded the two monthly instalments she had paid and be compensated for the out of pocket expenses she incurred - the cost of a full tank of fuel (£75), the cost to make changes to her car insurance policy (£18), the cost to remove and retain her private number plate (£80).

TFS confirmed the dealership had accepted rejection. They said they were unable to reimburse her for the costs above and said it was a legal requirement for the car to be insured. However as a gesture of goodwill (without admission of liability) they refunded one month's instalment for the inconvenience of Ms C not being kept mobile at all times.

Unhappy with their response, the complaint was referred to our service. Our investigator recommended the complaint was upheld. He said it appeared Ms C was allowed to reject the car as it wasn't of satisfactory quality. He said TFS needed to do more to put things right, that is - refund the cost for the removal and retention of the private number plate, pay £200 compensation for the trouble and upset caused and pay 8% simple interest per annum on the deposit from the date it was paid until the date it was refunded.

TFS disagreed. They maintained their resolution of a goodwill payment of £167 (one month's instalment) was sufficient. They said when they received the settlement amount for the

agreement, there were two outstanding instalments owed however they decided to write that amount off and it was refunded to Ms C's bank account (£335). In summary, they said they had gone over and above what was fair and reasonable as a resolution of this complaint.

In October 2024, I issued a provisional decision outlining my intentions why I wasn't intending on upholding the complaint. I said:

*"Based on the evidence presented to me, there appears to be no dispute the car wasn't of satisfactory quality at supply which is why it has been accepted that Ms C can exercise her final right of rejection. What is left for me to consider is whether TFS has done enough to put things right. In my opinion, they have. I'll explain why.*

*In instances where there has been a breach of contract because the car wasn't of satisfactory quality at supply and rejection has been agreed, I expect the consumer to be put in the position they would've been in (or close enough to it) had they not entered into the agreement in the first place. However I must stress there are other considerations to think about such as the consumer's use of the car and the relevant law says that should be taken into account.*

*I'm glad to see the deposit was refunded to Ms C shortly after the agreement was unwound. However I would expect 8% simple interest per annum to be applied to this from the date of payment up to the date it was refunded to her. This is to compensate her for the time she hasn't had that money available to use.*

*Ms C said she wants to be refunded for the two monthly instalments she paid before rejection was agreed. As Ms C had some use of the car before it was returned and she was provided with a courtesy car while her one was at the dealership, I find it's fair she pays to reflect that use. TFS has already refunded one monthly instalment paid and I believe that was reasonable. Although they say it was a gesture of goodwill, had they not already done so, I would've said they needed to refund it as a result of supplying Ms C with a faulty car.*

*While I acknowledge Ms C's comments that once she returned the car, she was left without one which caused her inconvenience, I can't reasonably say TFS needs to compensate her for the same. However I'm glad to see she was able to collect another car shortly thereafter.*

*In regards to the cost of the full tank of fuel, I have insufficient evidence to support this or the amount paid so I won't be saying TFS need to refund this. While I understand Ms C's frustration about the cost incurred to make changes to her car insurance policy, I won't be saying TFS needs to refund this. This is because a car being insured is a legal requirement and while she was in possession of it, she had the benefit of the insurance policy and her new car will also be covered.*

*I've carefully considered the impact of this situation on Ms C. She's explained that she is a single mother of a young child that relies heavily on the use of a car to commute to work and to take her child to nursery so being without it was difficult. She said she had to borrow a car and money from family members, she had to use public transport where necessary, she had to return to the dealership on more than one occasion. She has also explained the worry and fear caused when the car suddenly lost power while driving at high speeds on a motorway while with her young child.*

*The investigator said TFS should pay £200 compensation for the trouble and upset caused, refund £80 for the number plate and pay 8% simple interest per annum on the deposit refunded. However TFS has provided evidence that they also refunded £335 directly to Ms C's bank account. As part of my investigation, I asked her to confirm whether she received this money. She said she doesn't recall doing so and because that account is now closed, she's unable to check. Given the documentary evidence provided by TFS about this amount being paid to Ms C's bank account, I find it's more likely than not it was received by her. I also find this amount covers what the investigator said TFS needed to do to put things right.*

*In light of the same, I don't intend to say TFS needs to do anything further to settle this complaint. I find what they've done enough".*

### **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.

In response to my provisional thoughts and having checked her bank records, Ms C confirmed she had received the £335 payment from TFS into her bank account. TFS provided no further comment.

On the basis I haven't been provided with any further information to change my decision I still consider my provisional findings to be fair and reasonable in the circumstances.

### **My final decision**

For the reasons set out above, I've decided not to uphold Ms C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 3 December 2024.

Simona Reese  
**Ombudsman**