

## The complaint

Mr H complains about Volkswagen Financial Services (UK) Limited trading as Audi Financial Services ('VWFS'). He says the finance agreement he started when he acquired the car was mis-sold. Mr H says that he was told he would get free servicing and that he would be able to surrender the agreement after around six months without penalty.

## What happened

Mr H acquired a car using a hire purchase agreement that was started in October 2023. The vehicle had a retail price of £33,699. Mr H paid a £16,840 deposit meaning £16,869 was financed. This agreement was to be repaid through 48 monthly instalments of £201.05 and a final repayment of £14,940.00. Mr H says that to keep the monthly repayments low he specified an annual mileage limit of 5,000.

Mr H was also provided with a Service Plan by the dealership that does provide car services without a charge to Mr H.

Mr H signed the pre-contractual explanation checklist to confirm, amongst other things, that he had received '*An explanation of how interest is charged should I wish to settle my finance early*'.

Section 7 of the agreement itself outlines the early repayment terms and that this will essentially be a discharge of the total amount repayable, less the amounts already paid and any statutory rebate that may be due. And it's worth noting that VWFS is required to calculate any settlement in accordance with The Consumer Credit (Early Settlement) Regulations 2004.

Mr H has said that the information he was given about the finance agreement was misleading. He says he was told that if he took the car on finance, rather than paying by cash, he would receive two free services. And he could repay the remainder of the finance after about six months, to avoid losing the free servicing, and there would be no charge for this.

Mr H says that he did wait about six months and then he requested a redemption statement for the loan. But in April 2024 he was told it would be £17,157 to settle the finance. This is more than the original balance he financed, and he had already paid about £1,400. He thinks he should owe much less, given what he was told by the dealership at the time.

Mr H complained to VWFS saying he had been mis-sold the car finance. VWFS considered this complaint, and it didn't uphold it. It said it had calculated the early settlement amount in line with the terms of the contract and The Consumer Credit Act. It provided an explanation of how this worked. It doesn't think that the finance was mis-sold.

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

Our Investigator didn't uphold Mr H's complaint. She said that she didn't think the finance agreement was mis-sold as there wasn't enough evidence to show that the salesperson had

misled Mr H about the early repayment terms. VWFS had also calculated the early settlement figure correctly.

Mr H didn't agree with the Investigator. He still thought that the finance was mis-sold and he provided an email he sent to the dealership when he was agreeing to the finance. In this email he asked the dealership if he ended the finance early would he only need to repay the amount he originally financed.

Mr H didn't provide any reply he may have received to this email, but he said he may have been told orally that his interpretation of how the settlement worked was correct. VWFS doesn't have a record of this email and it has confirmed that the dealership also doesn't have a record of it, and any response that it may have sent.

Our Investigator thought that without seeing the response to this email, it couldn't be demonstrated that Mr H was misled. Mr H didn't agree, this matter has been passed to me to make a final 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

Mr H says he was given false information by VWFS and the dealership, and this led to him entering into the finance agreement for the car. I understand that VWFS wasn't a party to some of these negotiations, and it may not have been aware of what was discussed between Mr H and the dealership.

But it can still be responsible for what was discussed and the information that Mr H was provided by the broker. This is because section 56 of the Consumer Credit Act 1974 establishes that a finance company can be held responsible for antecedent negotiations carried out by their agent that takes place before the agreement is entered into.

So, to uphold this complaint, I need to be satisfied that a misrepresentation has taken place. This means I would need to see that a false statement of fact about the agreement was made and this false statement induced Mr H into entering into the agreement.

I've looked at what I have been provided to see if this is the case.

It's not in dispute that VWFS has calculated the redemption statements that it provided to Mr H correctly. It has done this under the terms of the contract and the regulations it must follow when it does this. But Mr H says he was told when he acquired the car, and started the finance, that he could surrender the finance early on more favourable terms than this.

VWFS has provided a copy of the finance pre contract information document, and the finance document itself. Mr H has signed both and confirmed that he understood the finance agreement, including the early surrender amounts that would be paid. And he has confirmed that this was explained to him. So, this indicates that he wasn't misled.

Mr H has provided an email he sent to the dealership in which he is asking for more information about how an early surrender of the finance would work. But there isn't a response to this, and I understand one isn't available, so this doesn't show that Mr H was

misled, it only shows that he wanted more information about the finance at one point. And there isn't anything else to show he was given incorrect information.

So having considered everything, I don't think I can reasonably say that Mr H was misled about the finance agreement. As far as I can see he was provided correct information about it.

Mr H has said he wasn't fully informed about how the VAT would be applied to the car purchase price. But he paid the price for the car that he was told he would pay. So even if he didn't fully understand how the VAT was applied, this hasn't made a material difference to him.

And Mr H doesn't think that his complaint was 'recorded' properly by VWFS. Whilst I have noted what he has said about this I think it has now been fully investigated by VWFS. And he has had an opportunity to have his complaint considered by the Financial Ombudsman.

Overall, I'm not upholding Mr H's complaint.

### **My final decision**

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

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

Andy Burlinson  
**Ombudsman**