

The complaint

Miss H is unhappy that Volkswagen Financial Services (UK) Limited ("VWFS") took back her car without her consent and failed to return personal items.

When I refer to what Miss H has said and what VWFS has said, it should also be taken to include things said on their behalf.

What happened

In February 2021, Miss H was supplied with a new car through a hire purchase agreement with VWFS. She paid an advance of £2,943.68 and the credit agreement was for £20,157.32 payable at £279.71 per month for 48 months, and a final payment of £9,675.

Miss H said that, in August 2024, the police seized her car and VWFS took it from the compound. She complained to VWFS that it had taken back the car without obtaining a return of goods order despite her having paid more than 30% of the credit agreement. Miss H complained, too, that some personal items were in the car when it was seized but VWFS hadn't returned them to her.

To resolve her complaint, Miss H wanted VWFS to return her personal items, or make a payment equivalent to their value, and return all payments she'd made under the agreement.

VWFS issued a final response to Miss H's complaint. It explained that it had no involvement in the car being seized and therefore it wasn't responsible for any of her personal items. It did, however, make enquiries on her behalf but no items had been identified.

In respect of it taking back the car, VWFS said it responded to the request from the compound so that the car wouldn't be crushed. It pointed out that it was in Miss H's interest that it did so because she'd still have been liable for the full outstanding balance if the car had been crushed. VWFS said that Miss H had defaulted on her agreement throughout 2023, and in May 2024 it terminated the agreement and passed the account for debt collection. VWFS said it hadn't breached the agreement because the police seized the car. And it hadn't needed to obtain a return of goods order because Miss H had breached the agreement by failing to insure the car.

When our investigator looked into Miss H's complaint, he didn't think VWFS had done anything wrong. He said VWFS had acted in Miss H's best interests by collecting the car to prevent it from being crushed and, therefore, limiting her liability for the money owed. And, as VWFS hadn't seized the car, he didn't think it was responsible for doing any more in respect of Miss H's personal items. Our investigator noted that VWFS had given Miss H some time to sell the car prior to it being seized so that she could pay the agreement, but she hadn't sold it. He further noted that VWFS had given Miss H the opportunity to voluntarily surrender the car or it would proceed to obtain a return of goods order. Based on the evidence, our investigator didn't think VWFS had done anything wrong.

Although Miss H didn't agree, she didn't provide any further evidence for our investigator to consider, so the complaint was passed for an ombudsman's 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't commented on every specific point 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 based on 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. Miss H was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The credit agreement sets out the detail of the contract between Miss H and VWFS. I've included what I think are the relevant sections where appropriate.

Repossession: Your Rights

If you do not keep your side of the agreement but you have paid at least one third of the total amount payable under this agreement, that is £8,684.92 we may not take back the goods against your wishes unless we get a court order... If we do take the goods without your consent or a court order, you have the right to get back any money that you have paid under this agreement.

It's under this section that Miss H thinks VWFS breached the agreement which entitles her to her money back. However, she made it clear that the police seized her car due to a problem with the insurance. As this has no relation to anything VWFS has done in respect of any debt recovery, I can't reasonably conclude that it repossessed the car in a manner which would entitle Miss H to her money back.

When Miss H brought her complaint to us, VWFS still had the car. It had given Miss H the option to surrender it, or VWFS would obtain a court order for the return of goods. That said, VWFS also pointed out that it had terminated the agreement due to Miss H's defaulted payments. It further pointed out that as the police said she'd failed to insure the car, it amounted to a breach. I understand that Miss H disputes the police's claim that she hadn't insured the car. But that's a matter for her to raise with the police and, in the absence of any other evidence, I think VWFS could reasonably rely on the information it was given.

The agreement states:

2 Payment

2.5 Missing payments could have severe consequences and make obtaining credit more difficult. It may lead to us serving a default notice on you, on the expiry of which we may terminate the agreement

4. Insuring the Vehicle

4.1 While this Agreement is in force you must keep the Vehicle comprehensively insured

10. Termination

10.1 We will be entitled to terminate this Agreement, on expiry of the requisite statutory written notice, if you are in breach any of the terms of this Agreement

10.2 On termination ... you must return the Vehicle to us immediately

Based on this evidence, I'm satisfied that VWFS reasonably terminated the agreement, and it was entitled to keep the car after it was seized.

Miss H complained that VWFS hadn't returned her personal items which were inside the car when it was seized. While I can understand that she would be upset at losing her belongings, I don't find that VWFS did anything wrong. That's because the police seized her car, and I can't fairly hold VWFS responsible for the contents at any point prior to it taking back the car. I've seen evidence that it asked the debt collector if Miss H's belongings had been identified, but nothing had been found. I think VWFS acted reasonably here.

Overall, while I appreciate that Miss H has found this matter distressing, I haven't seen anything in the evidence to suggest that VWFS repossessed the car in a manner which would entitle Miss H to her money back. And I think it limited any detriment to Miss H by collecting the car after the police had seized it but before it was destroyed. Therefore, I see no reason to ask VWFS to return Miss H's money or pay for the value of her lost personal items.

My final decision

For the reasons explained, I don't uphold Miss H's complaint about Volkswagen Financial Services (UK) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 14 April 2025.

Debra Vaughan
Ombudsman