

The complaint

Mrs M complains about the way that the voluntary termination of the hire purchase agreement under which a car had been supplied to her has been handled by Black Horse Limited, trading as Land Rover Financial Services.

What happened

A used car was supplied to Mrs M under a hire purchase agreement with Land Rover Financial Services that she electronically signed in January 2022. The price of the car was £44,650 and she bought an insurance product which had a price of £315. She agreed to make 48 monthly payments of £684.76 to Land Rover Financial Services and there was also a final payment of £21,270.

Mrs M asked to voluntarily terminate the agreement and Land Rover Financial Services sent her the voluntary termination document for her to complete in March 2024. Its letter to her said: *"The amount you'll need to pay when you end your Agreement early is £21,007.43"*. Mrs M returned the signed voluntary termination document to Land Rover Financial Services in April 2024. The car was then returned to Land Rover Financial Services and was sold at auction with the sale proceeds being applied to Mrs M's account in June 2024. Land Rover Financial Services says that it then made an adjustment to the account to reduce the balance to the liability figure. Mrs M didn't pay the £21,007.43 to Land Rover Financial Services so it says that it made an internal adjustment to close the account.

Mrs M complained to Land Rover Financial Services in August 2024 about some issues relating to the voluntary termination of her agreement but it didn't uphold her complaint. Mrs M wasn't satisfied with its response and complained to this service. She says that Land Rover Financial Services ignored her instruction not to misconstrue her voluntary termination for voluntary surrender and that she requested collection of the car prior to a specified date in May 2024 but it wasn't processed so she had to pay for an MOT test, car insurance and road tax.

Mrs M's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that he didn't think that Land Rover Financial Services had acted unfairly or that it would be fair and reasonable to ask it to do anything at that stage.

Mrs M didn't accept the investigator's recommendation and has asked for her complaint to be considered by an ombudsman. She has provided responses to the investigator's recommendation in which she says, in summary and amongst other things, that: she voluntarily terminated the agreement, the form stated that it was a voluntary termination, the forms were signed as a voluntary termination and she clearly noted that she was signing for a voluntary termination; a voluntary termination doesn't affect a credit score; she wasn't sent a default notice; not all of the credit reference agencies' records show her account as closed; and the reporting date of the account closure is wrong.

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.

Mrs M's complaint form to this service says that Land Rover Financial Services ignored her instruction not to misconstrue her voluntary termination for voluntary surrender and that she requested collection of the car prior to a specified date in May 2024 but it wasn't processed so she had to pay for an MOT test, car insurance and road tax. I can see that Mrs M has made other complaints to this service about Land Rover Financial Services arising from her voluntary termination of the hire purchase agreement, including a complaint that she had to pay for an MOT test, car insurance and road tax. That issue is being dealt with in that complaint so I'm unable to consider it in this decision. In this decision I'm only considering Mrs M's complaint that Land Rover Financial Services hasn't dealt with her voluntary termination of the agreement correctly.

Mrs M signed and returned a form to Land Rover Financial Services in April 2024 to voluntarily terminate the hire purchase agreement under which the car had been supplied to her. The voluntary termination form said: *"You need to pay at least half of the total amount payable under this Agreement. The amount you'll need to pay when you end your Agreement early is £21,007.43".*

The form also said: *"Please make sure that you pay any outstanding amounts you owe within 30 days of sending us your signed form, or if you need help with your repayment please get in touch to arrange a reasonable payment plan with us. If you don't, we'll need to let Credit Reference Agencies know about your outstanding balance and a default may be added to your credit file".*

The car was collected from Mrs B but she didn't make the payment to Land Rover Financial Services that was required to voluntarily terminate the agreement. After Mrs M had complained to Land Rover Financial Services, it said that due to the circumstances and the events which had occurred on the account, the decision was made to suspend any action which it was taking with regards to the repayment of the debt, collection activity had ceased, and the balance amount was set to £0. It also said that although it had made the decision to suspend its collection of the debt, the balance amount remained payable in line with the terms of the agreement.

Mrs M hasn't made the payment of £21,007.43 to Land Rover Financial Services so it let the credit reference agencies know about the outstanding balance as it said it would and it added a default to her credit file. I can see a default balance of £21,007 on the three extracts from her credit files that Mrs M has provided. Land Rover Financial Services hasn't reported Mrs M's voluntary termination of the agreement to the credit reference agencies – it has reported that she hasn't paid it the £21,007 that was due from her when she voluntarily terminated the agreement.

Land Rover Financial Services is required to report true and accurate information about Mrs M's payment history to the credit reference agencies. I consider that the information that Land Rover Financial Services has reported to the credit reference agencies is a true and accurate record of Mrs M's payment history and I'm not persuaded that the information that it's reported is incorrect.

I consider that Land Rover Financial Services has handled Mrs M's voluntary termination of her hire purchase agreement correctly. It has ceased collection activity of the amount that she owes it and has set the balance of Mrs M's account to £0 but I'm not persuaded that that means that it should report her agreement as settled as that wouldn't be a true and accurate record of what has happened.

It's clear that Mrs M feels very strongly that Land Rover Financial Services hasn't handled her voluntary termination of her hire purchase agreement correctly so I appreciate that my decision will be disappointing for her. I find that it wouldn't be fair or reasonable in these circumstances for me to require Land Rover Financial Services to remove any of the information about the hire purchase agreement that it's reported to the credit reference agencies or to take any other action in response to this complaint.

My final decision

My decision is that I don't uphold Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 9 April 2025.

Jarrold Hastings
Ombudsman