

The complaint

Mr B complains about the way early termination fee information is explained, in relation to a car that was supplied through a hire agreement with Volkswagen Financial Services (UK) Limited trading as Audi Financial Services (VWFS).

What happened

In June 2024, Mr B acquired a car through a hire agreement with VWFS. The agreement was over a period of 24 months.

Mr B explained that upon receiving the agreement paperwork, it was impossible to assess what the early termination fees were. Mr B has referred to these as clauses 8.1 to 8.4 in the hire agreement. Mr B also explained he called VWFS on two occasions, and the staff available weren't able to explain the clauses. On another call Mr B said he was told it was impossible to work out. Mr B has said that the information should be clear, fair and not misleading, and as it is not, this gives VWFS an open chequebook when calculating a termination figure. Mr B is concerned that due to the lack of transparency, VWFS could charge what they want in relation to early termination.

Mr B complained about the difficulty in how a settlement figure might be calculated to VWFS, alongside the issue of the staff not knowing how to calculate or explain it themselves. VWFS issued a final response, in which it stated frontline advisors are not considered accredited financial advisors; therefore, they are not able to provide more of a breakdown than they had. VWFS also explain that they have followed the correct process in calculating Mr B's settlement figure.

Mr B was unhappy with this answer, as it didn't answer his actual complaint about how to understand the clauses and what an early termination fee might look like, and Mr B explained he'd never actually asked for a settlement figure, so the response didn't answer his actual complaint. As a result, he brought his complaint to this service, where it was passed to one of our investigators.

The investigator did not uphold the complaint. They said the information provided by VWFS meets its obligations, VWFS have explained how an early settlement figure would be calculated, but that one can't be calculated for a future date due to the variable information a settlement figure relies upon. As such this can't be displayed as a percentage or figure in advance. The investigator also discussed the comments made by VWFS frontline staff in relation to settlement figures and how they are calculated.

Mr B was unhappy with this answer, so I've been asked to look at the complaint and 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've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr B complains about a hire agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr B's complaint about VWFS. I can see Mr B's complaint centres around his belief the early termination charges information is not clear in his agreement. Mr B has also mentioned broader context such as a wider group of consumers or agreements. I will note that I can only decide on the individual circumstances of this particular case and agreement and not agreements in general or how information is displayed on a wider scale and set of agreements. Mr B has also mentioned his dissatisfaction with the front-line staff and their explanation of the terms of his agreement.

I acknowledge Mr B's frustrations around this complaint, as he clearly feels strongly the information isn't clear, that this could lead to future detriment and that staff he has asked for help are also unable to explain it to him to his satisfaction.

I've started by looking at the agreement, and in particular, the information Mr B has questioned, listed as sections 8.1 to 8.4 under the heading 'your liability' on his agreement. Having looked at this, I can't agree that it gives VWFS a blank chequebook when calculating an early settlement figure or that information is made unnecessarily complex, difficult to understand or isn't clear about what steps are taken in calculating a settlement figure following an early termination.

I say this because the information appears to be presented in a format that is reasonably acceptable. The information states a set of guidelines that will be followed when working out a settlement figure and variables that will be taken into account. I acknowledge Mr B's point that it does not help to work out what the potential future early settlement figure might be in his case, as this depends on a number of variables that could apply at the point of the early settlement request such as expected market value of the vehicle, miles travelled, condition of the vehicle, any arrears on the agreement, how many payments had been made up to that point and how many months were left on the agreement among other things.

However, the agreement does set out information on how an early settlement figure will be calculated. This does show what information will be taken into account and be used to calculate it when requested. I acknowledge it does not say what this figure will be, however, I also acknowledge that VWFS is unable to state what the figure will be on a future date due to the variable information it must rely on to calculate the figure. If the section in dispute gave VWFS a blank chequebook to charge anything they like for an early settlement figure without being clear about this, it would not be worded in such a way where it explains the foundations of how the settlement figure will be calculated. If it was designed to be misleading or unfair, it might not give the information it does about the difference in actual rentals against expected rentals, difference in the value of the vehicle being returned earlier, information about how any refunded road licence might apply, the 4% rebate or potential arrears and charges among other pieces of information.

I acknowledge the information wasn't helpful in helping Mr B work out a percentage figure or something more tangible in his potential future situation, however information on how this will be calculated is presented so that Mr B is able to know more generally how the figure will be calculated, even though it doesn't say what that figure may be. I'm persuaded this shows VWFS are not trying to hide information or make it unreasonably complex or misleading on this particular agreement, it just doesn't do what Mr B appears to want it to do in this circumstance.

I considered Mr B's comments around the staff he spoke to not being able to calculate the information he wanted, how the settlement figure is calculated or telling him it's impossible to work out. I acknowledge this will have been frustrating for Mr B. Mr B was likely expecting the staff he spoke to, to be able to give him the answer to his query or at least explain specifically how this would be calculated so he may be able to work it out himself. VWFS has explained this is not something the front-line advisors are expected to do, and whilst it would be good service for the advisors to be able to explain exactly how the settlement figure is calculated, this may not be within their job role. I note the information is included in the agreement, and Mr B was given a more detailed explanation by VWFS of what goes into the calculation of a settlement figure. Some of the information contained in VWFS' explanation isn't specifically stated in the agreement documents in as much detail, but this again doesn't mean the information isn't clear, isn't fair or is misleading. Not every piece of detail can always be included in agreement paperwork, and a wider scale summary covering key information appears to be used here.

As I've said above, I do acknowledge Mr B's concern around not being able to find out what the settlement figure is likely to be, as this was his query, but for the reasons outlined, I can't agree that VWFS have acted incorrectly in their dealings with Mr B in relation to the complained about events.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances, although I acknowledge Mr B's frustrations, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 July 2025.

Jack Evans
Ombudsman