

## **The complaint**

Miss B complains that Tandem Motor Finance Limited requires her to make payments for a car that was supplied to her under a hire purchase agreement but which she sold back to the dealer.

## **What happened**

A used car was supplied to Miss B under a hire purchase agreement with Tandem Motor Finance that she signed in March 2023. The price of the car was £16,495, Miss B paid a deposit of £6,000 and she agreed to make 59 monthly payments of £249.61 and a final payment of £259.61 to Tandem Motor Finance.

Miss B sold the car back to the dealer about a year later and the dealer was to make a payment to Tandem Motor Finance to settle the hire purchase agreement but it didn't do so. Miss B complained to Tandem Motor Finance in June 2024 but it didn't uphold her complaint. It said that it didn't have a direct relationship with the dealer so was unable to chase it for payment or request any evidence to show that one was made. It also said that as it was Miss B that contacted the dealer, all requests would need to be made by her and any complaint regarding the funds not being received would need to be logged directly with the dealer. Miss B wasn't satisfied with its response and complained to this service.

Her complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Tandem Motor Finance had acted fairly. He said that when the dealer didn't provide the payment, it would seem reasonable that Tandem Motor Finance would have pursued it for the payment as it had an existing relationship with the dealer. He also said that if Tandem Motor Finance was unable to recover payment from the dealer then it would seem reasonable for it to try to recover the car since it still held an interest in it. He recommended that Tandem Motor Finance should: terminate the agreement from 3 April 2024 with nothing further to pay for Miss B; remove any adverse credit markers applied to Miss B's account relating to the agreement should there be any; refund Miss B any payments made covering the period after 3 April 2024, with interest; and pay Miss B £300 compensation for her distress and inconvenience.

Tandem Motor Finance hasn't accepted the investigator's recommendation and has asked for this complaint to be considered by an ombudsman. It says that its relationship in the transaction relating to Miss B's purchase of the car in March 2023 wasn't with the dealer but was with the broker as Miss B was introduced to it by the broker and it was the broker who held the relationship with the dealer. It also says that its interest in the car was rescinded following the onward sale to the new consumer as title passes to the new consumer once the car is purchased from a trade dealer. It says that it has started legal proceedings against the dealer but believes that it hasn't acted inappropriately in continuing to seek repayment from Miss B.

## **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.

Miss B signed the hire purchase agreement and agreed to make 59 monthly payments of £249.61 and a final payment of £259.61 to Tandem Motor Finance. The terms and conditions of the agreement say: *"You may not sell or part with possession of the Vehicle or transfer your rights under this agreement"*.

Tandem Motor Finance says that Miss B part-exchanged the car on 2 April 2024 with the dealer that had initially sold the car, and it was advised that the dealer intended to pay the required amount to settle the agreement on 3 April 2024. It didn't receive the payment from the dealer and says that it followed its procedure for when a car is returned to a dealer and, as it hasn't received payment from the dealer, it has been unable to process any payment to Miss B's account. It says that it believes that it's acting appropriately to ensure minimal negative impact to Miss B and has provided a fair and reasonable outcome.

Although Tandem Motor Finance has acted in accordance with the terms of the agreement, I don't consider that it was fair or reasonable in these circumstances for it to have dealt with Miss B's account in the way that it has and I don't consider that it was fair or reasonable for it to have issued a notice of default to Miss B in January 2025 for a defaulted sum of £1,584. I'm satisfied that the dealer is at fault for Tandem Motor Finance not having received the payment to settle the agreement and that Miss B has done nothing wrong.

Although Tandem Motor Finance says that its relationship was with the credit intermediary identified in the hire purchase agreement, and not with the dealer, the dealer would have sold the car to Tandem Motor Finance before it was supplied to Miss B and I consider that Tandem Motor Finance would be in a stronger position than Miss B to seek recovery of the amount due from the dealer.

In response to a request for more information from this service, Tandem Motor Finance says that it has instructed its solicitors to commence legal proceedings against the dealer to recover the funds that it advised it had sent to it (and it says that it's received no response to a final warning letter that it sent to the dealer in January 2025). It also says that it received a document informing it that the car had been sold to a new purchaser by the dealer. It says that it hasn't reported this situation to the police as Miss B informed it that she had already reported it but it's been liaising with the relevant trading standards authority regarding its investigation into the dealer.

This is a finely balanced decision because neither Miss B nor Tandem Motor Finance is responsible for this situation which has been caused by the dealer. I don't consider that it's fair or reasonable in these circumstances for Miss B to be liable for the outstanding balance on her account. That amount is due to Tandem Motor Finance from the dealer and I consider that Tandem Motor Finance should continue to try to recover that amount from the dealer and that it should take the actions described below.

### **Putting things right**

Miss B sold the car to the dealer and it was supposed to make the payment to Tandem Motor Finance to settle the hire purchase agreement on 3 April 2024. I find that it would be fair and reasonable in these circumstances for Tandem Motor Finance to treat the hire purchase agreement as if it ended on 3 April 2024 with nothing further to pay by Miss B and that it should refund to her any payments that she's made under the hire purchase agreement for the period after 3 April 2024, with interest.

Tandem Motor Finance has issued a notice of default to Miss B but I don't consider that it was fair or reasonable for it to take action to default her account in these circumstances. I find that it would be fair and reasonable for it to ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies relating to the period after 3 April 2024 is removed from Miss B's credit file.

The dealer's actions will have caused Miss B distress and inconvenience but that distress and inconvenience will have been made worse by the actions that Tandem Motor Finance took. I agree with the investigator that it would be fair and reasonable for Tandem Motor Finance to pay £300 to Miss B to compensate her for the additional distress and inconvenience that it has caused her.

### **My final decision**

My decision is that I uphold Miss B's complaint and I order Tandem Motor Finance Limited to:

1. Treat the hire purchase agreement as if it ended on 3 April 2024 with nothing further to pay by Miss B.
2. Refund to Miss B any payments that she's made under the hire purchase agreement for the period after 3 April 2024.
3. Pay interest on any amounts to be refunded at an annual rate of 8% simple from the date of each payment to the date of settlement.
4. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies relating to the period after 3 April 2024 is removed from Miss B's credit file.
5. Pay £300 to Miss B to compensate her for the distress and inconvenience that it has caused her.

HM Revenue & Customs requires Tandem Motor Finance to deduct tax from the interest payment referred to above. Tandem Motor Finance must give Miss B a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 26 May 2025.

Jarrold Hastings  
**Ombudsman**