

The complaint

Mr D complains about a car he took on finance from Toyota Financial Services (UK) PLC ("TFS").

What happened

The facts of this case are familiar to both sides, so I don't intend to repeat everything in detail here. Instead, I'll provide a summary.

Mr D entered into a hire purchase agreement with TFS in July 2024 to purchase a used car. The cash price of the car was £18,990. The total amount due under the agreement, including interest and charges, was £22,982.20 to be repaid through 60 monthly instalments of £366.37.

After identifying the car online, Mr D reserved the car and electronically signed a hire-purchase agreement. Mr D collected the vehicle from a supplier I'll call 'Business S' a few days later.

Mr D says Business S failed to make him aware on the phone, prior to collecting the vehicle, that it had a towing history, which he says is highly unusual for this type of vehicle.

Mr D says he wanted to cancel the agreement straightaway, but he was persuaded by the salesperson to try the vehicle. Mr D ultimately drove the vehicle from Business S's premises believing that a 14-day satisfaction guarantee would apply.

Mr D contacted TFS a few days after returning home (and, therefore, a few days after entering into the agreement) to express his wish to return the car due to the above issue. TFS did not agree.

Mr D feels he should have been allowed to return the car with no questions asked, in line with its 14-day satisfaction guarantee.

In August 2024, TFS issued its final response in which it did not uphold Mr D's complaint.

Unhappy with this, Mr D referred his complaint to our service.

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 conclusion as our investigator – and for broadly the same reasons. I know this will come as a disappointment to Mr D. However, I'll explain why I think it is a fair outcome in the circumstances.

However, before I do, it is important to be clear that whilst I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it.

It is clear from his submissions that Mr D's primary concern is TFS' failure to honour their 14-day satisfaction guarantee. With that being the case, I will focus my decision on this issue.

However, on my reading of the complaint, I think there is also a suggestion that the car has been misrepresented to him. I understand Mr D did not frame his complaint to TFS in this way and, in response to our investigator's findings, Mr D said *I suggested you didn't bother with the misrepresentation*. But given the nature of the complaint - and in-keeping with our service's inquisitorial remit - I think it would be remiss not to address misrepresentation within this decision.

Finally, and for completeness, I will consider whether Mr D could exercise his right to reject the vehicle under the Consumer Rights Act 2015.

The 14-day cooling off period

Mr D made it clear that he wanted to hand back the car and unwind the whole agreement - including the finance – shortly after taking possession of the vehicle. He has said that he realised the car wasn't for them because he didn't want a car with a towing history.

Mr D reserved the car online – and entered into the finance agreement - on 6 July 2024, prior to collecting the vehicle from Business S. As our investigator noted, section 11 of TFS' terms and conditions covers a consumers right to end the contract. I won't repeat all of the terms here, only those that I consider most relevant to the complaint:

11.2.1 If you change your mind about an order for a vehicle that you have placed online in respect of which you had agreed to enter into a finance agreement, you can cancel your order at any time before you sign the finance agreement [my emphasis added]...

11.2.3 If you enter into a finance arrangement you should refer to your finance agreement for your rights to withdraw from the finance agreement and the impact on your order.

Mr D had clearly entered into a credit agreement before he expressed his wish to withdraw from the whole agreement and returned the car, so I'll turn to Mr D's rights in relation to the credit agreement. The right to withdraw is set out in the terms of the credit agreement. It is also set out in section 66A(7) of the Consumer Credit Act 1974. This gives the customer a right to withdraw after entering into a regulated consumer credit agreement, without giving any reason, within 14 days. The 14-day period usually begins the day after the agreement is signed. So within that timeframe Mr D could have withdrawn from the finance. However, this is not the same as saying Mr D could hand back the car.

In other words, there is no 14-day cooling off period here relating to the car itself and giving it back. Any talk of 14 days to withdraw in the agreement itself is about the finance, not the car. So, if someone decides to pay for the car in cash, or to arrange different finance to pay for it, they have 14 days to withdraw from the finance agreement but have to make other arrangements to pay for the car.

It is not in dispute that Mr D does have the right to withdraw from the finance agreement, but that wasn't what Mr D wanted to do. He also wanted to hand the car back.

So I don't think TFS was wrong to reject Mr D's complaint on that basis.

In response to our investigator's findings, Mr D has said that as it is a distance contract, he should be able to exercise his consumer rights. Mr D has referred to The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 ("CCRs").

It's important to note that the CCRs doesn't cover every contract. It says:

Limits of application: general

6.-(1) These Regulations do not apply to a contract, to the extent that it is-

(b) for services of a banking, credit [my emphasis added], insurance, personal pension, investment or payment nature;

The transaction Mr D entered into (at a distance) was to arrange for a car to be supplied under a Hire Purchase agreement. He didn't buy goods that he could return within 14 days. So the transaction of entering into a Hire Purchase agreement is one where the CCRs don't apply (hire purchase agreements have their own withdrawal or cancellation rights under the Consumer Credit Act (1974) as set out above). The contract is technically for a financial service.

This means that the CCRs do not give Mr D the right to cancel the agreement and hand the car back within 14 days.

Misrepresentation

As I've said, on my reading of the complaint, there is an allegation the vehicle was misrepresented to Mr D. In considering this aspect of the complaint against TFS I note by way of Section 56 of the Consumer Credit Act 1974 that it is responsible for the actions of a credit broker arranging the finance on its behalf.

If Mr D was given a false statement of fact or law, and if that false statement was a significant reason why he entered into the agreement, I may think the agreement – or the car – had been misrepresented to him. There may also be, in limited circumstances, a misrepresentation by omission – that is, a failure to disclose something material to Mr D.

Unfortunately, owing to the passage of time, I've not been provided with a copy of the original advert. But I don't think I need to see this because Mr D accepts that he wasn't advised by TFS (or Business S) that the car didn't have a towing a tow bar¹ prior to entering into the agreement. So, I'm satisfied that there was no false statement of fact by TFS (or Business S).

With that being the case, I've gone on to consider whether by omitting to say the car had previously had a towbar and/or towing history constitutes a misrepresentation by TFS (or Business S). In particular, I've thought about whether TFS (or Business S) were obliged to give Mr D information about the presence of a towbar and/or the towing history of the car.

¹ Indeed, I note in response to our investigator's findings Mr D said: *The only picture I saw was one from the front view as advertised on [the manufacturers] own web site. The tow bar wasn't mentioned at the time.*

Generally, however, a misrepresentation cannot be made by silence. There is no overriding duty, for example, on a salesperson to explain all the details of a product to a prospective buyer. There are exceptions of course. I do not believe it would have been fair for the salesperson to keep quiet about the towbar, for example, if they had known it was an important issue for Mr D. And, if there had been any indication that Mr D was acting under a misunderstanding, I would have expected the salesperson to correct that misunderstanding.

But I have not seen evidence to suggest TFS (or Business S) was made aware this was an important issue for Mr D before he entered into the agreement. And as the information was readily available for him to see at the point of supply, I am not persuaded that there was a misrepresentation by omission.

Right to reject under the Consumer Rights Act 2015

Under the Consumer Rights Act 2015 a consumer has a short-term right to reject goods not conforming to contract within 30 days of supply. Under the short-term right to reject, a supplier doesn't have the right to repair or replace the goods and must accept the rejection.

However, in this case, I have not been presented with evidence to suggest that there was a fault or problem with vehicle. Notwithstanding the presence of a towbar, I have seen nothing to evidence the vehicle was (or is) not performing as expected. As such, I don't think Mr D had the right to reject the car under his rights in the Consumer Rights Act 2015.

Additional points

In his complaint to our service, Mr D has raised concerns about the absence of Apple CarPlay and a rear parking sensor on the vehicle. Our Service can't usually consider complaints about issues the business hasn't had an opportunity to consider. I don't think TFS have had an opportunity to consider those issues. I've reviewed their system logs and can't see mention of those concerns, and TFS didn't refer to them in their final response to the complaint. Mr D will, therefore, need to refer a complaint about those issues to TFS and allow them an opportunity to provide their view, after which he will be entitled to refer his complaint to this Service if he remains dissatisfied.

Similarly, in response to our investigator's findings, Mr D has said that he has had the vehicle MOT'd and has found problems with the breaks. As far as I can see, this matter has not been raised with TFS and, therefore, sits outside the scope of this decision. My findings regarding Mr D's rights under the Consumer Rights Act 2015 – and the satisfactory quality of the vehicle – purely pertain to issues with the towbar/towing history.

Finally, I note Business S has agreed to remove the towbar at no direct cost to Mr D – either at its premises or closer to Mr D's home. This seems reasonable in the circumstances. I leave it to Mr D to decide whether to accept or reject this offer.

Summary

Whilst I recognise this will come as a disappointment, for the reasons I've explained, I won't be asking TFS to do anything further to resolve this complaint.

Mr D does not have to accept my findings and if he wishes he can pursue his dispute through more formal avenues such as court (seeking appropriate legal advice as he sees fit)

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

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

Ross Phillips
Ombudsman