DRN-5308510

The complaint

Mr F complains that a misrepresentation was made when he acquired a car using a conditional sale agreement taken out with Hyundai Capital UK Limited trading as Hyundai Finance ("Hyundai").

What happened

In May 2023, Mr F acquired a brand-new car using a conditional sale agreement with Hyundai. The cash price of the car was £54,995, the agreement was for 25 months, made up of 24 regular, monthly repayments of £246.17, followed by a final payment of £28,030.90, which was also the guaranteed future value ("GFV") of the car. The advance payment recorded on the agreement was £24,000.

Mr F said that prior to taking out the agreement he was told about several payment options and said he was advised that it was possible to make early lump sum repayments at any time, up to the full outstanding loan amount. Mr F also believed the agreement he had signed suggested he could make additional repayments.

So, Mr F began to make overpayments soon after his regular, monthly repayments were set up, making two overpayments in August 2023. Mr F eventually spoke with Hyundai as they had asked to speak to him in relation to the overpayments. Mr F said he told Hyundai he wanted the overpayments to repay the interest and the premium on his agreement.

Mr F was later told that Hyundai would no longer accept overpayments to be made on his agreement and that they would be returning some of the money he had already given them.

Mr F complained to Hyundai in May 2024 as he said making overpayments was a critical aspect of taking out the agreement with them. Hyundai gave their final response in June 2024. In summary, they partially upheld Mr F's complaint and offered him £150. They said that it wasn't possible to partially settle and reduce the GFV as this figure couldn't be amended. But that it was possible to make overpayments to impact on the regular, monthly repayments. Hyundai said that by Mr F making overpayments, he had reduced his monthly repayments as far as he could. And so, some overpayments Mr F made were to be refunded back to him.

Unhappy with Hyundai's final response, Mr F referred his complaint to our service.

In January 2025, Hyundai confirmed to our service that Mr F's remaining, regular monthly repayments had now reduced to one pence as Mr F had made the maximum amount of overpayments possible. Hyundai also confirmed the final payment of £28,030.90 was outstanding and no interest was being charged on that final payment.

Our investigator upheld Mr F's complaint. In summary, she didn't conclude that a misrepresentation took place. But she did think that Hyundai could have done more to explain to Mr F the reasons why they couldn't accept any more overpayments and also to reassure Mr F that the final payment owed wasn't accruing interest. So, our investigator thought Hyundai should pay Mr F a further £50, in addition to the £150 they already offered him (so, £200 in total), to resolve this complaint. Our investigator also instructed Hyundai to pay 8% simple interest on the refunded overpayments from the date Mr F paid them until the date they were refunded.

Hyundai responded and said they accepted the investigator's findings.

Mr F responded and said he didn't accept the investigator's view. Among other things, Mr F said there isn't a written stipulation in the agreement that he would not be able to pay the outstanding amount off early.

In June 2025, Mr F informed our service that the final payment was taken from his account.

As Mr F disagreed with the investigator's view, the complaint was passed to me to decide.

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'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr F complains about a car supplied to him under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr F's complaint about Hyundai.

In this instance, Mr F made frequent overpayments towards his agreement he held with Hyundai. Hyundai eventually informed Mr F that he could no longer make further overpayments and also refunded some payments made. Hyundai said this was because he had overpaid by such an amount that his remaining monthly repayments had reduced from £246.17 to the minimum (one pence). Hyundai also explained that his final payment (which was the GFV) couldn't be reduced or altered.

Mr F was unhappy with being told this and believed the agreement had been misrepresented. Mr F said the supplying dealership told him overpayments could be made to repay the full outstanding loan amount and he believed the terms of the agreement also suggested so.

I have carefully considered what Mr F has told our service here, alongside what Hyundai has said.

When considering what's fair and reasonable, I take into account relevant law, regulations and guidance. Section 56 of the Consumer Credit Act 1974 ("S56") is relevant to this complaint. S56 explains that, under certain circumstances, a finance provider is liable for what was said by a credit broker or supplier before a credit agreement is entered into. I'm satisfied S56 applies here. So, I can consider what Mr F says he was told about the car and finance by the dealer before he entered into the contract.

What I need to consider here is whether the agreement was misrepresented to Mr F. A misrepresentation would have taken place if Mr F was told a '*false statement of fact*', and this induced him into entering into the contract to acquire the car when he otherwise would not have.

I'm mindful that no firm evidence has been supplied by both parties here on what conversations were held prior to the agreement being taken out. Mr F says he was told, in essence, that there were no limits to the number of overpayments he could make. On the other hand, the supplying dealership (through Hyundai) say that it would have been general practice that when discussing partial settlement, they make it clear to the customer that over payments will only make an impact on the regular monthly repayments, and not on the final payment. So, I haven't placed much weight on this aspect here.

What I have placed weight on, however, is the agreement documentation, as I'm satisfied that Mr F had sight of this as he had signed it. Mr F also hasn't disputed that he had sight of the relevant agreement documentation and terms and has also referenced a summary of the agreement he was supplied, which said:

"*You can pay off lump sum amounts during the agreement.*

You can settle the outstanding balance early at any time during the agreement".

From the statements above, I'm not satisfied a false statement of fact was made. I say this because, Mr F was able to pay off lump sum amount during the agreement and did so on occasions. Mr F also had the option to settle the outstanding balance early at any time during the agreement. But from what I can see, he didn't pursue this option with Hyundai.

I'm also mindful that the terms of the agreement say under clause 2.8:

"*If you repay the amount of the credit early, in part… we may reduce the repayments in order to preserve the duration of this agreement and will notify you of the new repayments in writing.*"

In this instance, I can see this is what Hyundai did, by reducing the repayments to one pence.

So, it follows that I'm satisfied that a misrepresentation didn't occur in this instance.

Having said that, like our investigator, I do think that Hyundai could have done more to explain things clearly – and more promptly to Mr F, when they had identified that his account was in credit. Considering things here, Hyundai should pay Mr F a further £50 (£200 in total, if Hyundai's previous offer hasn't been paid) for the distress and inconvenience caused by this complaint.

I also think Hyundai should ensure Mr F isn't out of pocket for the time he was without his own funds. So, I'm satisfied Hyundai should also ensure Mr F is fairly compensated for this, as set out below in my direction.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Hyundai Capital UK Limited trading as Hyundai Finance to put things right by doing the following:

- Pay Mr F £200 in total to reflect the distress and inconvenience caused. If Hyundai has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

- Ensure Mr F is compensated for the overpayments that were returned to him. These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Hyundai considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr F how much it's taken off. It should also give Mr F a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 August 2025.

Ronesh Amin
Ombudsman