

The complaint

Mr C complains about the way that Motorpoint Limited, trading as Motorpoint, dealt with the payments due from him for a car that was supplied to him under a hire purchase agreement.

What happened

I issued a provisional decision on this complaint earlier this month in which I described what had happened as follows:

“A used car was supplied to Mr C under a hire purchase agreement with a finance provider that he electronically signed in July 2024. The credit intermediary for the agreement was Motorpoint. Motorpoint’s invoice for the car shows that the total price of the car was £37,700 and that Mr C paid a contribution of £5,303 so the amount to be financed was £32,397. The invoice shows that the £37,700 included the selling price of the car of £35,999, a transport charge of £149, £79 for car mats, £445 for an additional package, £429 for a synthetic coating and £599 for a warranty.

The hire purchase agreement shows the cash price of the car as £36,672, a deposit of £5,303 and a separate charge of £1,028 for extras (which was £599 for the warranty and £499 for cosmetic protection) – so the total cost was £37,700 and the total amount of credit was £32,397. It also included a charge for credit on the £1,028 of £211.36. Mr C complained to Motorpoint and to the finance provider that he’d paid twice for the warranty and the synthetic coating but Motorpoint confirmed to him that he hadn’t been charged twice and it said that there was nothing more for it to investigate. The finance provider said that it planned to deduct a payment of £211.36 from Mr C’s finance agreement balance and recalculate his remaining repayments.

Mr C wasn’t satisfied with Motorpoint’s response so complained to this service. Motorpoint says that it offered to give Mr C the interest of £211.36 that he would incur on the agreement for financing the two products or to unwind the deal and then set it up correctly but he declined those offers and asked it refund to him the £1,028 and cancel the two products. It said that that wasn’t possible as the synthetic coating had been applied to the car and the two year warranty only had a cancellation period of 30 days which had expired. Mr C also complained to this service about the finance provider but that complaint wasn’t upheld.

Mr C's complaint about Motorpoint was looked at by one of this service's investigators who, having considered everything, recommended that it should be upheld. He said Mr C hadn't paid for the two products twice but Motorpoint's mistake in including them in the hire purchase agreement had caused him distress and inconvenience. He said that fair and reasonable resolutions had been offered to Mr C: the first was the deduction of £211.36 that had been made by the finance provider and the second was for Motorpoint to arrange the unwinding of the agreement and then setting it up correctly; and Mr C could select the option he wished to proceed with. He also said that Motorpoint should pay Mr C £150 for the distress and inconvenience that he was caused.

Neither Mr C nor Motorpoint has accepted the investigator's recommendation and they have asked for this complaint to be considered by an ombudsman. Mr C says, in summary and amongst other things, that he has zero confidence in dealing with Motorpoint in the future so wants to cancel the dealer warranty that's due to start in 2026 and get a refund of £599.99. Motorpoint says that it doesn't agree that it should pay £150 compensation to Mr C but it's happy to unwind the current agreement and start again though doing so will incur quite significant changes to Mr C's monthly payments".

Provisional decision

I set out my provisional findings in that provisional decision. I said:

"Mr C complained to Motorpoint that he'd paid twice for the warranty and the synthetic coating. I've set out above information from Motorpoint's invoice and the hire purchase agreement and I'm not persuaded that Mr C has paid twice for those items.

Motorpoint says that Mr C wanted to pay the £1,028 for the warranty and the synthetic coating so he wouldn't be financing those products. It says that they should have been put on a sundry invoice with payment taken for them separately but that didn't happen and they were added to the sales invoice and the hire purchase agreement in error. That error by Motorpoint has caused distress and inconvenience for Mr C. I agree with the investigator's recommendation that it would be fair and reasonable for Motorpoint to pay £150 to Mr C to compensate him for that distress and inconvenience.

Motorpoint says that it offered to give Mr C the interest of £211.36 that he would incur on the agreement for financing the two products or to unwind the deal and then set it up correctly. It also says that Mr C declined those offers. I consider that those offers were fair and reasonable at the time that they were made but I don't consider that they're now appropriate.

Mr C had also complained to the finance provider about these issues and it said that it planned to deduct a payment of £211.36 from Mr C's finance agreement balance and recalculate his remaining repayments. As the finance provider has said that it plans to do that, I don't consider that it would be fair or reasonable for Motorpoint to also pay the interest charge of £211.36 to Mr C.

Motorpoint now says that it's happy to unwind the current agreement and start again though doing so will incur quite significant changes to Mr C's monthly payments. Given the time that has passed since Mr C entered into the hire purchase agreement

and the issues with unwinding the deal and then setting it up correctly, I'm not persuaded that it now be fair or reasonable for that to happen.

Mr C has said that Motorpoint should refund to him the £1,028 that he paid for the warranty and the synthetic coating. The synthetic coating has been applied to the car so Mr C is receiving the benefit of it and I'm not persuaded that it would be fair or reasonable for me to require Motorpoint to refund to him the £499 that he paid for that coating. Mr C bought the dealer's two year warranty that's due to start in 2026 and he agreed to pay £599 for it. Motorpoint says that the warranty had a cancellation period of 30 days which had expired and I'm not persuaded that it would be fair or reasonable for me to require Motorpoint to cancel that warranty and to refund to Mr C the £599 that he paid for it.

I find that it would be fair and reasonable in these circumstances for Motorpoint to pay £150 to Mr C to compensate him for the distress and inconvenience that he's been caused. I'm not persuaded that it would be fair or reasonable for me to require it to take any other action in response to Mr C's complaint".

Subject to any further comments or evidence that I received from Mr C and Motorpoint, my provisional decision was that I intended to uphold this complaint in part and to order Motorpoint to pay £150 to Mr C to compensate him for the distress and inconvenience that he's been caused. Motorpoint has accepted my provisional decision but Mr C says that he doesn't agree with it. He's referred to a document that he's prepared which he says shows the breakdown of the whole deal and clearly show that there is an extra amount that has been paid which he requires be refunded to him.

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.

Mr C clearly feels very strongly that he's paid twice for the warranty and the synthetic coating. He's complained to Motorpoint and the finance provider about that but neither of them considered that he'd paid twice for those products. He's complained to this service about Motorpoint and the finance provider but neither of the investigators who looked at those complaints considered that he'd paid twice for those products. I set out in my provisional decision information from Motorpoint's invoice and the hire purchase agreement and I said that I wasn't persuaded that Mr C has paid twice for those items.

Having carefully considered Mr C's response to my provisional decision, I'm still not persuaded that he's paid twice for the warranty and the synthetic coating. Nor am I persuaded that I should change my provisional decision.

Putting things right

I find that it would be fair and reasonable in these circumstances for Motorpoint to pay £150 to Mr C to compensate him for the distress and inconvenience that he's been caused. I'm not persuaded that it would be fair or reasonable for me to require it to take any other action in response to Mr C's complaint

My final decision

My decision is that I uphold Mr C's complaint in part and I order Motorpoint Limited to pay him £150 to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 April 2025.

Jarrold Hastings
Ombudsman