

The complaint

Miss H is unhappy that a car she acquired under a Personal Contract Purchase (“PCP”) from Toyota Financial Services (UK) PLC (“Toyota”) didn’t have a feature she’d been led to believe it had.

What happened

Miss H attended a dealership with the intention of upgrading her car. She ended up part exchanging her previous vehicle and purchased a vehicle which was financed by a PCP agreement in August 2023.

Miss H was expecting a child and stipulated that she needed a satellite navigation system as her previous car didn’t have one. After she had signed the agreement, to her surprise, she discovered the vehicle did not have a satellite navigation system. Miss H called the dealership and she says they agreed it was their mistake and they agreed to fit one in and provided a courtesy vehicle whilst they did so.

After several days, Miss H picked up the vehicle to still discover there were issues with the satellite navigation system. She called the dealership and also explained that she was experiencing problems with connecting her phone. The dealership agreed to take a look at the vehicle and provided her with another courtesy car while they investigated. Miss H explains that the satellite navigation system is not working and she is still experiencing problems when her phone is connected to the car. She is unable to make or take calls and when she attempts to play music, this skips and pauses intermittently.

The dealership has agreed to take the car back but Miss H has been asked to pay £2,100 to settle the finance agreement which she doesn’t feel is fair. Miss H is also seeking a refund of the monthly repayments she had made towards this agreement.

Miss H raised a complaint with Toyota in January 2024, after months of dealing directly with the dealership. Toyota issued its final response letter in May 2024 in which they said the dealership couldn’t find a fault and that they hadn’t agreed to any mis-selling on their part. It confirmed the dealership offered to change the satellite navigation system.

Unhappy with Toyota's response, Miss H referred her complaint to us. One of our investigators issued their findings in July 2024. In summary, the investigator felt that the car was misrepresented to Miss H. She recommended Toyota to allow Miss H to reject the vehicle with nothing further to pay. She also recommended a refund of 10% of all monthly repayments, a refund of the deposit paid with 8% simple interest to be added to the refunded amounts. The investigator also recommended £300 distress and inconvenience and recommended Toyota to remove any adverse information from her credit file in relation to this agreement.

Toyota responded to our investigator's outcome confirming that it would not accept the rejection of the vehicle. Toyota acknowledged the videos it had seen of the satellite navigation system but it doesn't believe this demonstrates that there's a fault with the system. The dealership said there could be areas where the system takes time to update a location but if there's a fault with the unit, then they've said this would be resolved by installing a new satellite navigation system which they've agreed to do.

So, as the complaint hasn't been resolved informally, the complaint has been referred to me to decide.

I issued my provisional decision on 6 February 2025, where I set out the following:

What I've provisionally 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. Where information is unclear or facts are in dispute – as is the situation here, I've reached my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

In considering what is fair and reasonable, I need to have regard to 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.

Miss H acquired her car under a PCP agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

Under section 56 of the Consumer Credit Act 1974, the finance provider (Toyota) can be held responsible for antecedent negotiations (meaning what was said or done) by the broker and/or supplier (the dealership) before the consumer enters into a finance agreement. So, I've taken this relevant law into account when looking into this complaint.

I've also considered the Consumer Protection from Unfair Trading Regulations of 2008 (CPUTR). Amongst other things, CPUTR deals with misleading omissions by the supplier (regulation 6). In summary, it requires the consumer to be given sufficient information to make an informed decision about whether to proceed with acquiring the goods.

Miss H has shared the key reason why she was looking to upgrade her vehicle. Miss H was expecting a child and stipulated that she required a satellite navigation system, something her existing car didn't have. She wanted to make her driving experience an easy and comfortable one for herself and her growing family. On this basis, the dealership helped Miss H find a car which met her requirements. Once Miss H acquired the vehicle, she discovered it did not have a satellite navigation system – something that was important to her.

It is a breach of the CPUTR to mislead consumers by failing to give them the information they need to make an informed decision. The CPUTR sets out steps which outlines things that can be done to ensure compliance with these regulations. Some of these include the dealership finding out all the important information that the consumer needs in order to make an informed purchasing decision and providing a consumer with important information before a sale is made and not omitting or hiding such information.

Having considered Miss H's testimony, I'm persuaded she discussed her requirement for the vehicle to have a satellite navigation system. This is also supported by the events that followed in that Miss H contacted the dealership shortly after acquiring the vehicle raising her concerns about this issue.

In this case, I'm satisfied the dealership knew a satellite navigation system was a specified requirement and it failed to draw to Miss H's attention that the car did not meet this specification. This falls short of the requirements of the CPUTR. Had this been clear to Miss H from the outset, she would have been in a position to make an informed choice as to whether to go ahead with this agreement. And taking everything into consideration, on balance, I don't think she would have entered into this agreement if this was made clear to her and instead would have opted for a vehicle that met her requirements.

I'm conscious that the dealership has made attempts to rectify this situation by installing a satellite navigation system. However Miss H has reported issues with its operation. Toyota insists that there are no faults with the satellite navigation system. Video footage has been supplied and Toyota has liaised with the dealership and are still of the opinion that the video footage doesn't demonstrate there is a fault with the system and this will need to be established. As the dealership has offered to install a new a satellite navigation system, they think this is a fair remedy to resolve this complaint.

I disagree with this position. I've viewed the video footage that Miss H has supplied and I think this is enough evidence to support that something isn't working with the satellite navigation system. I therefore don't consider this to be a fair remedy in this complaint. I also don't think Miss H should be further inconvenienced by agreeing to a further satellite navigation system to be installed to see if this operates correctly.

Miss H has also raised issues with her phone connecting to the vehicle. I've been supplied with very little information on this and I've not seen any supporting evidence to understand the issues she is experiencing. However, I don't need to make a finding on this issue to reach what I consider to be a fair and reasonable outcome. I say this as even if I upheld this aspect of the complaint, the redress I'm proposing puts Miss H in the same or similar position she would have in if I had recommended Toyota to put things right in relation to this point.

Putting things right

Having carefully considered all the information and evidence I have, I think Miss H should be allowed to reject the car and receive a refund of the deposit she's paid. Toyota should also ensure that she doesn't have any adverse information on her credit file as a result of this agreement.

Miss H has also requested a refund of the monthly payments she has made since acquiring the vehicle. I don't think this is fair, after all Miss H had use of the vehicle and this has affected the value of the vehicle. For this reason, I think Toyota can retain 90% of the monthly repayments that Miss H has made. There were occasions where Miss H was without the vehicle, but she was provided with a courtesy car – keeping her mobile. However, Miss H's use of the vehicle has been impaired without the use of a fully operating

satellite navigation system and for this reason, I'm recommending a 10% refund of the payments made from the beginning of the agreement to the settlement date to reflect the impaired use.

Our investigator also recommended £300 compensation to recognise the distress and inconvenience caused to Miss H. Having considered this recommendation, I think it's a fair amount when I take into account what Miss H has told us about the overall impact on her. Whilst this would be a stressful situation for anyone, Miss H has explained how stressful and upsetting the continued communication with the dealership has been, in light of her condition at the time. Along with multiple attempts to fix this vehicle which has meant additional time and effort spent which wouldn't have otherwise been necessary had the rejection of the vehicle been accepted much earlier. For this reason, I think the award of £300 reflects the distress and inconvenience caused to Miss H.

My provisional decision

For the reasons explained, I uphold Miss H's complaint about Toyota Financial Services (UK) PLC.

Therefore, Toyota Financial Services (UK) PLC should:

- end the agreement with nothing further to pay;*
- take back the car at no further cost to Miss H;*
- refund 10% of all monthly payments that have been made towards the agreement;*
- pay 8% simple yearly interest on these monthly amounts calculated from the date each payment was made until the date Toyota Financial Services (UK) PLC pays this settlement;*
- refund any deposit(s) made;*
- remove any adverse information in relation to this agreement from Miss H's credit file;*
- pay Miss H £300 compensation for the distress and inconvenience caused to her.*

Responses to my provisional decision

I gave both parties an opportunity to respond to my provisional decision.

Miss H agreed with my provisional decision and confirmed she had no further information to add.

Toyota confirmed receipt of my provisional decision and said if they had any further information for the ombudsman to consider, they will send this before the deadline we had set. Toyota did not respond further and the time period set to provide further information has now passed.

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, and in the absence of any further submissions or arguments from Toyota, I have come to the same overall conclusions as set out in my provisional decision.

Putting things right

To settle this complaint, I direct Toyota Financial Services (UK) PLC to:

- end the agreement with nothing further to pay;
- take back the car at no further cost to Miss H;
- refund 10% of all monthly payments that have been made towards the agreement;
- pay 8% simple yearly interest on these monthly amounts calculated from the date each payment was made until the date Toyota Financial Services (UK) PLC pays this settlement;
- refund any deposit(s) made;
- remove any adverse information in relation to this agreement from Miss H's credit file;
- pay Miss H £300 compensation for the distress and inconvenience caused to her.

*if Toyota Financial Services (UK) PLC considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it should tell Miss H how much it's taken off. It should also give Miss H a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold Miss H's complaint and direct Toyota Financial Services (UK) PLC to settle the complaint in accordance with what I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 27 March 2025.

Sameena Ali
Ombudsman