

The complaint

Mr B complains that Volkswagen Financial Services (UK) Limited trading as Skoda Financial Services ("VWFS") provided him with poor customer service regarding a hire purchase agreement which caused him unnecessary stress and inconvenience.

What happened

In June 2024 Mr B ordered a new car from a dealership. To allow him to take advantage of a contribution towards the deposit offer, it was agreed with the dealership that Mr B would enter into a hire purchase agreement when the car was ready but then seek to withdraw from the finance agreement within the first 14 days.

In September 2024 Mr B was notified that the hire purchase agreement needed to be signed. Mr B says he was unhappy that there was strong expectation that he would sign the documentation digitally. He says he checked the partners who dealt with the digital identification checks and had concerns about how trustworthy they were. Mr B instead arranged to visit the dealership to provide the necessary proof and physically sign the paperwork.

Within the 14 days, Mr B contacted VWFS and requested the 'Right of Withdrawal' settlement figure. Mr B was told the amount to pay was £21,300.52 being the total amount of credit borrowed, and daily interest added to that figure. Mr B challenged the amount of added interest as he had been charged for seven days rather than six full days that had passed since he'd taken the finance. The agent offered to waive the added interest figure, but Mr B declined the offer and said he accepted interest was to be added in line with the agreement. A figure of £21,297.16 was provided and Mr B was informed he had 30 days to pay that amount.

Mr B was given by the agent the beneficiary name to use when making his payment. However, the agent gave Mr B the wrong name. Mr B says he decided to make a test payment towards the balance as he wanted to be cautious over making payments to ensure they were safely received. He says that when he tried to make an online payment, his bank flagged up that the name on the payee account, although similar, wasn't the same as that showing on its system and recommended he check before making the payment.

Mr B was provided with correct beneficiary name by VWFS and made the test payment. Mr B says that when he went to his online account to check if the payment had been received, he saw a banner stating there was a connection problem. Mr B called VWFS and was informed there were issues with the IT system and to check again after 48 hours. Mr B says the connection banner continued to show for around six days.

Mr B called VWFS a further two times and a complaint was opened on his behalf. VWFS also confirmed on the telephone that his payment had been received although it wasn't showing on his online account.

VWFS didn't uphold Mr B's complaint about the test payment not being visible on his online account. VWFS said that although the test payment had been received, as it wasn't equal to

the full settlement sum due it hadn't been allocated to his account. VWFS said that its process didn't provide for partial payments to be visible on the online account when an account was to be settled. VWFS said that once the whole amount had been paid, then the funds would be allocated. However, VWFS upheld Mr B's complaint about being given the wrong beneficiary name, and as a gesture of goodwill it offered him £150 compensation.

Mr B was unhappy at the response from VWFS. He said VWFS hadn't dealt with all the issues he had raised with it nor did the offered £150 recognise the stress and time he had to spend dealing with VWFS. Mr B made a complaint to this service.

Mr B also said that although he had originally planned to pay the balance in increments over the 30 days, in the end he decided to go to his bank and pay the whole outstanding amount in one go. This, he said, had caused him further wasted time.

Our investigator didn't recommend Mr B's complaint should be upheld. She said that she thought the £150 compensation was fair when looking at the impact on Mr B of the matters he had complained about.

Mr B disagreed with our investigator's view. He said he shouldn't have been put in the position of having to challenge the added interest as it was a simple calculation, and it had been clear it should have been six days and not seven. Mr B said this error could be interpreted as having been deliberate and had weakened his trust further in VWFS.

Mr B said that the language used by VWFS when it rejected his complaint hadn't been appropriate as it used technical speak referring to "*not visible on the portal*" and that he had responded to its offer causing further inconvenience to him.

Mr B disagreed with the investigator's view that his emails to VWFS to express his dissatisfaction wouldn't have taken significant time to write. He said he had to send five emails, make four phone calls and had visited his online account 22 times over a course of seven days. He said the response from VWFS had been poor and he didn't think it read the correspondence he sent in full.

Mr B said that although he accepted using the digital system to sign the documentation hadn't been compulsory, understanding the process and then making representations to the dealership to use a different system had caused him stress and additional cost.

Mr B also said that in respect of the test payment, he had first been given misinformation as to the beneficiary name to use, had then been told technical problems meant his payment couldn't be seen and finally told it wouldn't show as not allocated. He said this caused him distress about making the payments safely to VWFS.

As the parties were unable to reach an agreement the complaint has been passed to me.

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.

I will deal with Mr B's complaints in their chronological order, meaning I will start with the digital signing process first. I've seen that Mr B accepts this process wasn't compulsory, but he says he felt it was what was expected. I think it's reasonable to say that the provision of digital signatures is usual, and I think it's likely to be a popular option with consumers as it is convenient, there is no need to physically attend dealerships to produce proof of identity and sign paperwork. However, I also acknowledge this isn't a process everyone will be

comfortable with, and that Mr B had his reservations about the safety of using this system. But I don't think I can fairly say that VWFS's digital process was unreasonably proposed to Mr B and he was able to make other arrangements with dealership. So, I don't think VWFS did anything wrong when asking him to digitally sign the paperwork.

I acknowledge that being overcharged interest would have been frustrating, particularly when it was a matter of counting the number of whole days, but mistakes happen, and the error was, I think, minor, involving a mistake of one day. Although Mr B has raised what could have happened had he not challenged it, that wasn't what had happened here. Mr B did disagree, and the agent offered to remove all the interest added to the credit figure. Although Mr B declined that offer, I think VWFS acted fairly in making it. I have no evidence this was anything other than a simple mistake by the agent which was quickly rectified together with an offer to remove the interest entirely .

It isn't disputed that VWFS's agent gave Mr B the wrong beneficiary name to use when making the settlement payment. It's also not disagreed this would have caused him inconvenience and distress having to double-check it and then being concerned over future payments. However, I've seen that VWFS has offered him £150 compensation and I think that VWFS acted fairly in doing so.

Mr B has raised unhappiness about the wording VWFS used when responding to his complaint about being unable to see his test payment on his online account. I acknowledge that the letter did use some technical language, but I also thought it was clear that VWFS's process is that part payments aren't allocated when dealing with the situation of receiving part payments towards a settlement amount. I also think it's important to raise here that this service's remit isn't to seek changes to the processes businesses have in place, so I can't comment on whether VWFS should have had a different payment allocation system in place.

I appreciate that the IT problems with Mr B's online account appeared to have possibly confused matters and until Mr B received the response to his complaint from VWFS, he wasn't aware part payments wouldn't show on his online account. But I don't think I can reasonably say this would have had a significant impact on Mr B on making other payments. That's because he was told his test payment had been received when on the phone to an agent and so he was aware the payment had gone through without a problem. I think it's fair to say that it would be reasonable to expect Mr B, aware there hadn't been an issue with the test payment, to then have had confidence with VWFS's payment process to either make a number of part payments or clear the full amount. I'm not going to ask VWFS to provide further compensation for this aspect of his complaint.

Mr B says he has had to spend considerable time writing emails, on phone calls and checking the portal. But here I agree with the view of our investigator, I think it would be possible to have written less detailed emails than Mr B did which would have equally expressed his dissatisfaction to VWFS. I also don't think checking an online account takes much time and since his payment was acknowledged on the phone within a short period of it having been made, I don't think I can fairly say that checking his account would have been particularly stressful although I accept it would have been frustrating receiving the same message but an IT problem.

So, although I appreciate this will be of disappointment to Mr B, I'm not upholding his complaint. I think the offer of compensation from VWFS has been fair and reasonable and I'm not asking it to do more.

My final decision

For the reasons set out above, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 July 2025.

Jocelyn Griffith
Ombudsman