

The complaint

Mrs B has complained to us about a credit agreement with Stellantis Financial Services UK Limited trading as Vauxhall Finance ("Vauxhall").

What happened

In February 2020 Mrs B entered into a conditional sale agreement for a used car. The price of the car was £6,995. The agreement lasted forty-eight months and the final balloon payment was in the amount of £2,150.

Ninety days before the agreement was due to end, Vauxhall sent Mrs B a letter setting out her options (the "options letter"). The options set out were: firstly to buy the car outright by paying the final payment, secondly to part exchange the car, or thirdly to return it. Mrs B wanted to keep the car and refinance the balloon payment, which was in excess of £2000. However when she contacted Vauxhall they told her they wouldn't refinance the balloon payment.

Mrs B was unhappy with this and complained to Vauxhall. They sent Mrs B their final response letter on 21 February 2024. In this, they said due to a change in company policy Vauxhall no longer refinanced vehicles over five years old. They made a goodwill apology for not explaining this in the options letter; they said such letters were generic. They also said she could either pay in full or return the car under a personal contract purchase return, and gave a phone number for its customer relations department.

Mrs B remained unhappy with this and complained to this service. Our investigator considered the complaint and gave their view. They said, in summary, in their view Vauxhall didn't say for certain that they would offer refinance. Our investigator said it was reasonable for Vauxhall to have a policy about cars over a certain age, and the decision whether to provide finance was at Vauxhall's discretion.

Mrs B didn't agree with the investigator's view, so the complaint was passed to me to decide. On 13 February 2025 I issued a provisional decision. In this I said:

"I've looked at this complaint on the balance of probabilities – that is, what I consider is most likely to have happened in light of the available evidence.

Mrs B's complaint is about a conditional sale agreement. Entering into this type of consumer credit contract is a regulated activity, so I'm satisfied I can look into this. Having done so, I don't intend to uphold this complaint and I'll explain why.

Mrs B told us that when she entered into the agreement, she was told that Vauxhall would refinance the balloon payment when the agreement reached its end. She complained to us that at no point during the agreement was she told that this policy had changed. She told us that she later learned that Vauxhall had changed this policy and no longer refinanced cars over five years old. She informed us that this came as a surprise to her and she wouldn't have taken out the credit agreement if she'd known this was the case. She said she wanted

Vauxhall to offer to refinance the final payment, or allow her to split it into smaller, more manageable amounts, or alternatively freeze the payment until this complaint was concluded.

During the course of the investigation by this Service, Mrs B settled the balloon payment with Vauxhall by borrowing funds from friends and family. She told us she wanted to continue with the complaint because she “had been taken for a ride” by Vauxhall; her view was they had promised one thing and done another.

Refinance of the balloon payment

Mrs B has told us she was informed about the refinance when she entered into the agreement. So I’ve taken into account paperwork from the time of the sale. In addition the dealership acted as a credit broker in the transaction, so I’ve also taken into account section 56 of the Consumer Credit Act 1974. If the actions of the dealership, acting as broker, were not fair then Vauxhall can be fairly liable for putting things right. For example, If the dealership made a misrepresentation to Mrs B about the agreement and she relied upon it.

First of all, I’ve looked carefully at an information sheet that Mrs B was given headed “Your Agreement.” In the second paragraph next to the heading “What are the key features of the Agreement I may not have seen?” it states:

“You will not become the legal owner of the vehicle until you have made all the Repayments and have complied with all the terms of the Agreement. Because the Vehicle belongs to us you cannot sell it until you have paid off all you owe under the Agreement.”

Below this section the sheet mentions options which are relevant, about how to return the car or sell it to a dealership. However, it doesn’t have any indication that refinancing for the balloon payment will be available at the end of the agreement.

Next I’ve looked at the text of the credit agreement Mrs B entered into. Under the heading; “Ownership of the Vehicle” it states:

“You will not become the legal owner of the Vehicle until you have paid the Total Amount Payable and all other sums due under this Agreement and have complied with all the terms.” After this the text of the agreement sets out two options: a return option and a resale option.

I’ve looked carefully at the available information in this complaint, and there’s nothing in the documentation that suggests refinance of the balloon payment would be available. Looking at the paperwork, there’s nothing in writing to this effect, so I’m satisfied there was no contractual right to refinancing.

So I’ve considered whether it’s likely that Mrs B was told she’d be able to refinance by the dealership, in its capacity as broker for Vauxhall. I’ve taken into account that Mrs B had an expectation that the refinance would be available; it’s clear from what she’s told this Service that she had such an expectation. It’s also clear she feels strongly about everything that happened. However she also wrote to us and informed us that she was told at the point of sale that she would be able to “look at” refinancing, along with part-exchange or return. She also told us;

“I was informed that come the end of the finance period I could possibly re-finance the ‘balloon payment’ of £2,150.”

I’ve considered this, and these don’t sound like descriptions of something definite, and I’m also required to take this into account.

Next, I note that during the course of this Service’s investigation we haven’t heard from Vauxhall with details of the policy regarding cars older than five years, the policy referred to in the final response letter. Nor have we been told what they may have instructed their

brokers to say. Based on the paperwork it seems it was not a contractual provision, and it's impossible to know for certain what was said by the broker.

Having carefully considered this, on balance I think that it's unlikely that the broker would have said that the refinance was guaranteed. The reasons for this are that I'm not aware of a car finance product involving a final/balloon payment, which would guarantee refinance for that final payment four years after the date of the original agreement. In addition, I think this because of what Mrs B told us when she wrote to us, which is that she could "possibly" refinance, which suggests the refinance wasn't described as definite. So overall, I'm satisfied on the basis of the available information it's most likely a misrepresentation was not made to Mrs B.

But in any event, for the reasons I've explained below, I'm also satisfied that had Mrs B appreciated that refinance from Vauxhall wouldn't be guaranteed, it's most likely that she still would have entered into the agreement, and I've explained the reasons for this below.

Would Mrs B have acted differently

Next I've considered what Mrs B would have done if she had understood that refinance of the balloon payment wasn't guaranteed. Mrs B has told us that she wouldn't have entered into the agreement, but I'm afraid I'm not persuaded by this. This is no reflection on Mrs B, or the information she's provided. It is because, as stated above, I'm not aware of any conditional sale products, or finance product involving a final payment, which would guarantee refinance of that final/balloon payment four years later. So I'm persuaded that it's highly unlikely Mrs B would have had that option open to her.

First of all, four years in the future would be a long time for a lender to guarantee to grant a new loan to a customer. Secondly, for lenders, the decision whether to lend to someone depends on many other variables besides timing. These include for example, commercial factors or the customer's credit rating at that particular moment in time. Any one of a number of variables can result in the lender deciding not to go ahead. So overall, I think it's unlikely that Mrs B could have found a car finance product which guaranteed refinance of a final/balloon payment four years into the future.

Next, Mrs B also complained to us that the options letter contained an offer to refinance the balloon payment, and that Vauxhall went back on that. But having carefully considered the letter I'm afraid I cannot agree. It set out option 1, which was to purchase the car outright, option 2, which was part exchange, and option 3 which was to return the car. It referred to finance as follows:

"If you would like to take this option (option 1) and need help with the finance, please contact the Customer Service Centre."

An offer of finance would contain concrete language and some details for example; interest rates, amounts, instalments. The options letter contains nothing that even approaches this. So I'm satisfied it doesn't constitute an offer to refinance the balloon payment.

From what Mrs B has told us, the situation she found herself in was clearly a difficult one, and the lack of an option to refinance came as an unpleasant surprise to her. I have a great deal of sympathy for her circumstances. She told us about the difficulties she had in trying to find funds. She wrote to this Service in March 2024 and told us she'd paid the balloon payment in order to keep the car. She told us that due to the cost of living crisis, she had to source the funds from friends and family. Notwithstanding this, I think there was a course of action open to her where she could have explored other types and sources of finance. She has told us she didn't do this because she expected Vauxhall to provide refinance. But it seems most likely that she could have explored it after she heard from Vauxhall to the contrary.

Mrs B said if Vauxhall had informed her during the agreement “I would have obviously sorted something else out, before it came to paying the final balloon payment.” And she’s told us she would have preferred to have saved during the course of the agreement. But as I’ve explained above, I’m satisfied that the refinancing was most likely described to Mrs B as a possibility. So, saving for the balloon payment was always an option which was open to her. And having considered this, in any event I don’t think the availability of refinance with Vauxhall is likely to have discouraged Mrs B from saving, whether part of the balloon payment or the entire amount. Moreover as I’ve explained above, refinance with other loan providers was also an option which was open to Mrs B.

In summary, in order to direct Vauxhall to put something right I’d have to be satisfied that they did something wrong. On balance, the evidence in this complaint hasn’t persuaded me that the broker made a misrepresentation to Mrs B that refinance of the balloon payment would definitely be available. And so I’m not persuaded it would be fair or reasonable to direct Vauxhall to do something. Also, as I’ve explained above, if Mrs B had appreciated that refinance wasn’t guaranteed, I’m not persuaded that she would have acted differently.”

We asked Mrs B and Vauxhall for any comments on the provisional decision. Mrs B replied with further information. She told us that she was not a “finance broker” and that she genuinely considered the options letter to contain an offer of refinance. Mrs B also reiterated that she wasn’t told by Vauxhall that the name of the company had changed.

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.

Overall I’m still satisfied that the complaint should not be upheld for the reasons set out in the provisional decision. It’s no reflection on the information Mrs B has provided, that I’ve concluded the options letter does not contain an offer. I have no doubt her views about the options letter are genuinely held and the information she sent us was sent in good faith, including the comments she let us have in reply to the provisional decision. In addition, I would not expect Mrs B to have the same understanding as any finance professional. However, given the content of this letter, and the fact that all it contains is a statement that Mrs B can telephone Vauxhall if she needs “help with finance,” there’s simply not enough in this letter to reasonably interpret it as an offer of refinance.

I’ve also considered the name issue. But given all the available information in this complaint I’m not of the view it’s material here. It’s clear that this didn’t result in any detriment to Mrs B. The agreement continued with all its terms and conditions. Also, her use of the car continued unchanged. Based on all the available information, I’m satisfied no material or significant loss or detriment was caused to her. I’ve carefully considered that it’s clear that Mrs B was upset by it. But I consider it doesn’t meet the threshold for an award of distress or inconvenience, and I’m satisfied in this complaint it wouldn’t be fair or reasonable to order Vauxhall to pay compensation for not informing Mrs B of the change of name.

My final decision

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs B to accept or

reject my decision before 14 April 2025.

Katrina Hyde
Ombudsman