

The complaint

Mr C is unhappy about the way Volkswagen Financial Services (UK) Limited trading as Audi Financial Services (AFS) dealt with several aspects surrounding his hire purchase agreement, which he entered into with them to acquire a car.

When I refer to what Mr C and/or AFS said or did, it should also be taken to include things said or done on their behalf.

What happened

In February 2020, Mr C entered into a hire purchase agreement with AFS to acquire a used car first registered in July 2017. The cash price of the car was around £17,015 and the total amount payable was approximately £22,281. There were 48 monthly payments of approximately £309, followed by a final payment of around £7,458 – and to exercise the option to purchase a further £10 had to be added.

Mr C said he is unhappy with the way AFS have handled certain aspects surrounding his hire purchase agreement with them. In summary, Mr C said he left the car at the dealership in late January 2023 to rectify a problem flagged during a diagnostics check involving the engine's fuel system. Afterwards, he was being asked to pay a bill for over £2,000 to replace the ECU and AD blue tank. Mr C said he disputes having to pay this because a large number of engine issues were being reported with similar cars and the failure of an electronic component could hardly be considered wear and tear on a car with below average mileage. While AFS were investigating, Mr C said he withheld payments.

On 14 June 2023, AFS wrote to Mr C. In this correspondence they addressed the issues with the Ad Blue tank and the Control Unit needing to be replaced. They said that when Mr C acquired the car three years prior, the car was used and had travelled around 26,800 miles. Since the acquisition, Mr C had covered approximately 40,000 miles. As such they said, it is understandable that the car starts to develop issues which require repair or replacing, but this does not mean the issue was present at the time of acquisition, or that the car was not of suitable quality. So, they said Mr C would be accountable for the maintenance and general upkeep of the car. They concluded the correspondence by saying that they are not able to uphold his complaint, and they explained what the next steps were if he remained unhappy.

Mr C said he started to receive correspondence from AFS and their agents demanding full payment of over £10,000 for the car which he said remained in the possession of the dealership since January 2023. Mr C said that he has been offered £400 goodwill payment for issues relating to the diesel group claim, so he believes that AFS have accepted liabilities for the failures of the fuel systems whilst ignoring the specifics of his case.

Mr C said that, at the time of contacting Financial Ombudsman Service (Financial Ombudsman) he was unemployed, with a number of health conditions for which he was being monitored for and dealt with, including stress which he endured in the eighteen months prior when dealing with the car issues.

Since 14 June 2023, AFS have written to Mr C on numerous occasions and have issued him a further final response letter dated 26 July 2024. In this letter, AFS wrote that Mr C had missed 10 monthly payments totalling £3,086.20, the balloon payment of £7,457.50, and the £10 option to buy fee bringing the arrears on the agreement to £10,553.70. AFS explained that his hire purchase agreement terms and conditions state that he is required to make payments in line with his agreement and not maintaining these payments is a breach of the terms and conditions. As such, they explained that the arrears on the agreement are due and that any late/missed payments may affect Mr C's credit file and can affect future borrowing.

Mr C was not happy, so he referred his complaint to Financial Ombudsman.

Our investigator explained that we are unable to consider Mr C's complaint regarding the quality of the car, addressed in AFS's response dated 14 June 2023, because of time reasons. Also, regarding the complaint addressed by AFS in their response dated 26 July 2024, the investigator was of the opinion that AFS were acting in line with the terms and conditions of the finance agreement when seeking payments from Mr C.

Mr C disagreed with the investigator. So, the complaint has been 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.

The Financial Conduct Authority, the regulator, sets out the rules specifying which complaints we can and cannot look into. These rules include time limits for bringing complaints to our service. We generally cannot look at complaints referred to our service more than six months after the date on which the business sent the consumer their final response letter.

AFS issued final response letters to Mr C dated 14 June 2023 and 26 July 2024. Both final response letters contained the appropriate information to make Mr C aware that he could refer his complaint to our service, but he had to do so within six months of those dates. Mr C brought his complaint to our service in September 2024, so he referred his complaint about the car not being of satisfactory quality, addressed on 14 June 2023, outside of the six-month time limit. Only the 26 July 2024 complaint was brought in time to our service.

The rules allow us to look at complaints made out of time, if the failure to comply with the time limit was a result of exceptional circumstances. An example of exceptional circumstances might be where the complainant has been, or is, incapacitated. I have considered that Mr C has been through a difficult time and has told us about issues he has experienced. So, I've taken into consideration, what he has told us and how that might have stopped him from being proactive with this matter.

First, I would like to express my considerable sympathy for the position Mr C is in. I know this has been a very difficult time for him.

I know that what I am about to say will be unwelcome news to Mr C, but I do not think what has happened prevented him from raising his concerns with our service at an earlier stage, when it comes to the 14 June 2023 final response. I say that because I have not seen evidence that would suggest Mr C was incapacitated to such an extent that prevented him from raising a complaint within the required time. Moreover, to set up a complaint with our service all Mr C needed to do was to make a simple phone call, send a short email/letter to our service, or complete our online complaint form, which would have been enough to start

his complaint process. Furthermore, he would not need to provide all the details during that first contact with our service. All he, or someone on his behalf, needed to do was to make, the initial contact to start the process.

Overall, while Mr C has my deepest sympathy, I do not think we can consider his complaint in full. But we can consider certain aspects that have been raised in time.

I understand that Mr C said he refuses to pay any further money towards the car finance agreement as, he said, he had no use or pleasure from the car since January 2023. But the Financial Ombudsman cannot consider the merits surrounding the car's faults and whether it was of satisfactory quality – the aspects addressed in AFS's letter dated 14 June 2023. However, we can consider the merits of the issues addressed by AFS on 26 July 2024. These are issues regarding Mr C's responsibility for due payments under his finance agreement.

AFS have told our service that Mr C's finance agreement matured in March 2024, so they said Mr C can hand back the car to them. At that point, he will be subject to potential end of contract charges and he would not be required to pay the final payment of around £7,458 (sometimes referred to as the balloon payment) nor for the £10 exercise option to purchase fee. Obviously, Mr C also has the option to pay these and keep the car. Whichever option Mr C chooses to take, I have not seen evidence that would allow me to say that it would be fair and reasonable for him to not be responsible for the contractual monthly repayments that were due under his hire purchase agreement. As such, I cannot say that Mr C is not responsible for payments that are due as per the terms and conditions of his hire purchase agreement.

I remind AFS that if Mr C is unable to make payments due to his financial situation, they should work with him to arrange an affordable plan for him. One that allows him to repay the money due in a reasonable amount of time or in a way that is sustainable (a plan that takes his circumstances into account and is realistic, affordable, and one that leaves him with sufficient disposable income to account for other bills and contingencies).

My final decision

For the reasons given above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 September 2025.

Mike Kozbial
Ombudsman