

The complaint

Mr K complains about how Volkswagen Financial Services (UK) Limited trading as Seat Financial Services (“SFS”) handled his payment plan and eventual termination of his hire agreement.

What happened

Mr K entered into a hire agreement with SFS around June 2021 for a car. The agreement was for a period of 48 months. In September 2024, SFS issued him with a default notice explaining that he was in arrears, owing approaching £3,900. He contacted them by phone a few days later on 12 September 2024 to discuss arranging a payment plan for the arrears.

Mr K believes he agreed for both the payment plan to clear the arrears, and his normal monthly payment, to be moved to the first of each month, rather than his current normal monthly payment date which was the 15th of each month. SFS have said that the date of the 1st of each month was used for his payment plan to clear the arrears, but no change was discussed or made to his normal monthly payment plan date of the 15th of each month.

His next normal payment due on 15 September 2024 failed, and as they had already issued a default notice, SFS proceeded to terminate the agreement for non-payment.

Mr K complained to SFS in October 2024, and they issued their final response letter (FRL) in November 2024. They didn’t uphold his complaint, explaining that as his payment arrangement had failed when his payment due on 15 September 2024 failed, they had written to him to confirm this, tried unsuccessfully to contact him on 4 October 2024, but heard nothing back, so terminated the agreement. They said that the default notice issued on 6 September 2024 explained that failure to make a payment by 25 September 2024 would put the agreement at risk of termination, so they didn’t feel they had done anything wrong.

Unhappy with this, Mr K brought his complaint to our service in November 2024. An investigator investigated it and didn’t uphold it. They listened to his phone call with SFS on 12 September 2024 and said that they felt it was sufficiently clear on that call that the payment plan being set up for his arrears was in addition to his normal monthly payment, and they were satisfied no conversation took place about moving the date of his normal monthly payment.

Mr K didn’t agree, saying that it was a bad phone line when he had called SFS, and he had asked for the payment to come out on the 1st of the month, and by that he’d meant all the payments, and he assumed therefore this would happen on 1 October 2024, but only the arrears payment came out that day, and he assumed that was an error and it would then be corrected. He said he was away at the time of 15 September 2024 when the normal payment was attempted to be taken, so didn’t have access to his online banking. He said he then heard nothing until he got an email to say the agreement was terminated.

The investigator responded shortly afterwards, confirming that he agreed having listened to it that the call was on a bad phone line, but that they’d heard Mr K prompt the call handler to

repeat themselves when he hadn't heard something, and that in the relevant section of the call, there were no examples of this being required.

The investigator also highlighted that having checked the records for the agreement, they could see previous occasions when payment arrangements had been set up, and each time, SFS had confirmed that payment plans were in addition to normal monthly payments, and each time they were set up on different dates, so they didn't see any reason why Mr K should assume the normal monthly payments would move to be on the same date this time as the payment plan.

Mr K confirmed he didn't agree and wanted an Ombudsman to make a final decision. He said he was requesting further information from SFS and asked for "some more time" to compile this and would get back to us asap. This was on 29 April 2024, but no further information has been sent to us. The case has come to me for a final decision.

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, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr K was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Mr K said he would send us further information to support his case, but this was fifteen weeks ago, and nothing has been supplied. I've thought about this, and I'm not persuaded it's reasonable to wait any longer. He was sent a confirmation after telling us he would send more information that the case was coming to an Ombudsman and asked to supply any further information he wanted to be considered by 14 May 2025, or to contact us if he needed longer. He hasn't contacted us again, so I am satisfied it's fair to move on and issue a decision on this case.

I have little to add on top of what Mr K has already been told by the Investigator in their answer to him. I agree that his previous experience of payment plans would tell him that they are often set up on different dates to his normal monthly payment for the agreement, and this was confirmed in the letter they sent him. There was no conversation about his normal monthly payments, and wanting to move those, on the call on 12 September 2024. So, I don't think it's reasonable for him to assume this would happen.

I'm not persuaded that there was any confusion due to the call quality being poor, and while Mr K has said he didn't receive any communications from SFS, they have confirmed they tried to call and email and I've seen they also sent a letter, and only terminated the agreement when they couldn't get hold of him. It may be that this was due to him being away, but that isn't a valid reason why SFS should have delayed things even further.

At the point they issued a default notice, he was three years into the agreement and had approaching one year's worth of arrears. I am satisfied that SFS had made several attempts

to put payment plans in place and get the payments up to date, but Mr K had failed to consistently keep up payments.

Alongside this, I am satisfied that they dealt with him fairly on this occasion, didn't give him any wrong or misleading information, and tried to get in contact with him when his normal monthly payment of 15 September 2024 failed. When they couldn't, and he hadn't contacted them, they fairly decided they needed to terminate the agreement in line with the default notice already issued.

In raising the complaint with our service, Mr K said that he asked SFS on the 12 September 2024 call to change his normal monthly payment to the 1st of the month, but this conversation didn't happen on that call. He said the he was told the normal monthly payment could be added to the arrears payment on the 1st of October 2024, but this conversation also didn't happen. He said he was told that the total payment due on 1 October 2024 was £1077.47 to incorporate the arrears payment and the normal monthly payment, but this isn't what was discussed, it was made clear this payment was only for the arrears.

It would be unfair to both SFS and potentially Mr K if they continued to allow arrears to build up on the agreement. The balance between giving a consumer a fair chance to pay, but also not allowing them to continue to build arrears for their own financial wellbeing, is always a fine line for a business. I'm satisfied here that SFS gave Mr K a fair chance to get his agreement back in order and I am satisfied that at the point they have terminated the agreement, this was a fair decision to do so.

I won't be asking SFS to do anything more.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 September 2025.

Paul Cronin
Ombudsman