DRN-5541328

The complaint

Mr D is unhappy that his hire purchase agreement with Blue Motor Finance Ltd (BMF) was misrepresented to him.

What happened

In May 2022, Mr D was supplied with a used car through a hire purchase agreement with BMF. The cash price of the car was £9,295.00 with Mr D paying a deposit of £800.00 consisting of trade-in and cash. The total payable listed on the agreement was £11,214.92, payable in 44 monthly instalments of £236.68. an optional purchase fee of £1.00 would be payable at the same time as the final instalment if Mr D chose to purchase the vehicle.

Mr D stated that he started to have concerns around his agreement. Mr D said the car is now worth less than the settlement figure of the agreement and that the interest payments appear to be front-loaded and this wasn't explained transparently at the time of signing the agreement. Mr D also raised issues around his hidden disabilities, and explained he didn't think BMF had done enough to pro-actively ensure he'd understood the key information about the agreement.

Mr D complained to BMF about the issues. BMF did not uphold the complaint. It said in its response that Mr D didn't disclose any disabilities at the outset, and the dealership didn't have any concerns that Mr D was able to understand the agreement. BMF added that important financial information is displayed on page one of the agreement with clear visibility of the amount of interest, the rate and the total payable. BMF also explained that Mr D had signed to say he understood and accepted the agreement, and that front-loading interest is industry standard, alongside that vehicles can depreciate in value over time.

Mr D was unhappy with this, and as such brought the complaint to this service, where it was passed to one of our investigators. The investigator did not uphold the complaint. They explained that there was no false statement of fact that induced Mr D to take out the agreement in relation to the future value of the vehicle, that Mr D was not misled about the price or value of the car, that the costs of the agreement were clearly set out and that BMF have not acted unreasonably in respect of treating Mr D fairly in regards to his hidden disabilities.

In response, Mr D rejected this outcome and raised further points around being misled about the vehicle's value retention and the structure of the finance agreement. Mr D also said that service providers are required under the Equalities Act 2010 to make reasonable adjustments to ensure disabled individuals are not placed at a substantial disadvantage compared to non-disabled individuals, and that this duty is anticipatory, as well as explaining he felt the investigator overlooked the nuanced and critical aspects of the complaint.

The investigator looked at the complaint again, but the new information did not change their outcome. Mr D was unhappy with this, and so the complaint has been passed to me to review and make 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.

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 D has explained that BMF has failed in its duty to make reasonable adjustments under the Equality Act 2010. I have taken the Equality Act 2010 into account when deciding this complaint, given that it is relevant law, but I have ultimately decided this complaint on what's fair and reasonable. Only a court can decide whether the Equality Act 2010 has been breached.

If I haven't commented on any specific point raised, it is not because I've failed to take it into account, it's because I don't believe I need to comment on it to reach a fair outcome, I have carefully considered each piece of information provided.

Mr D was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it. Before I explain why I've reached my decision, I think it is important to set out what I've been able to consider as part of this decision. I can see Mr D has raised issues with how his complaint was handled by BMF, and later some further issues on the quality of the vehicle and failure by BMF to provide an early settlement figure. Complaint handling is an unregulated activity and so falls outside of this service's jurisdiction to investigate complaints about it.

The issues raised around the potential quality concerns and the early settlement figure did not form part of the complaint to BMF and have not been addressed in its final response to Mr D about the complaint. As such, Mr D may well be able to raise a separate complaint to BMF about these issues if he wishes to do so. This decision will not comment on these aspects and will focus on the complaint Mr D made about the misrepresentation of his finance agreement.

This is a complaint about misrepresentation and unclear communication. For misrepresentation to be present, there would need to be a false statement of fact and, in this instance, that false statement of fact would've had to induce Mr D to acquire the car under his hire purchase agreement.

One of the main aspects of Mr D's complaint is that it was not adequately explained to him that the interest on the agreement would be structured in the way that it was. Mr D has explained that he has hidden disabilities that affect his cognitive processing and understanding of complex financial agreements.

To guide my decision on if I think the interest was suitably explained to Mr D, I've looked at all the available information and thought about the process of applying for the finance agreement.

Having considered the relevant factors, I'm persuaded that Mr D was not misled about the structure of interest on this agreement. I say this because I can find no evidence to suggest Mr D was told that the interest would not be structured in the way that it was, meaning that no false statement of fact has been made. Going further than this and thinking about what Mr D has said about BMF's duty to treat him fairly, I do think that the agreement is structured in such a way that it has all the information in I would expect it to contain.

I can see that this explanation is what I'd consider to be prominently listed on the front page of the agreement and states the following *'The interest has been calculated at the fixed monthly rate of 0.99% on the balance of credit that is expected to be outstanding for each month of the duration of the agreement upon the assumption that all the instalments are paid in full and on time. This results in an effective annual rate of 11.90%.'*

Having reviewed the information, and as explained above, I am persuaded the agreement contained prominently all of the information about the interest and how this is calculated I'd expect it to contain. However, I've also taken on board what Mr D has told us about his disabilities and that he would require reasonable adjustments to digest the information on the agreement. Having said this, and considering everything I've been provided, I can't see that it was foreseeable to BMF that Mr D would have needed adjustments to digest the information on the agreement, and how Mr D would need this presented. BMF also weren't made aware of this.

This suggests BMF didn't have the opportunity to discuss what reasonable adjustments could be made in the circumstances. Overall, I'm not persuaded BMF treated Mr D unfairly based on what they knew. Mr D also had the opportunity to ask for clarification or further explanation on any of the agreement terms if he was unsure about them without necessarily also needing to disclose his hidden disabilities.

I've then gone on to look at what Mr D has said around being misled about the vehicle's value retention. Having investigated this, I'm unable to see anywhere that the dealership or BMF have issued a false statement of fact about the future value of the vehicle. I acknowledge Mr D's frustrations that the settlement figure is more than the value of the vehicle, however vehicles can depreciate over time, and I can find nothing to suggest that BMF misled him about this.

Mr D has mentioned some concerning information regarding his health during the complaints process and clearly feels very strongly about what has happened over the course of his finance agreement and complaint. I acknowledge Mr D's strength of feeling, the reasons behind these feelings and have not underestimated how this has affected both himself and his partner. I hope that Mr D can access any help that he may need, and if required, he can be referred to available services to support both his financial and health situation.
Since BMF became aware of Mr D's hidden disabilities, I'd expect BMF to explore how best they can support Mr D with these to ensure they are treating him fairly and Mr D is able to access the support that he needs.

Having kept all of the nuanced information in mind during this complaint and ensured I have looked beyond just the usual process and carefully considered how this may meet Mr D's specific needs, I am not persuaded that BMF have treated him unfairly in arranging his finance agreement.

I appreciate this will be very disappointing for Mr D, but I won't be directing BMF to do anything differently in regard to this complaint.

My final decision

For the reasons I've explained, I don't uphold Mr D's complaint about Blue Motor Finance Ltd.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 25 September 2025.

Jack Evans
Ombudsman