

## **The complaint**

Mr S complains that when he voluntarily terminated (VT) his agreement with First Response Finance Ltd (FRFL) it unfairly charged him for a £1,675 shortfall when his vehicle was sold at auction. He would like this sum waived.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I will focus on giving the reasons for my 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 have reached the following conclusions: -

- I have seen the contract Mr S signed. It's clear from this that Mr S was liable for any damage over and above normal wear and tear. This applies to the end of the contract hire term including early return due to a VT as was the case here.
- It's also clear that, when the vehicle was inspected, an EML was detected. I have seen the report confirming this. And I accept FRFL's point that this light indicates an issue with the engine.
- I accept FRFL has told us that it isn't a member of the British Vehicle Rental and Leasing Standards Association (BVRLA) so isn't bound by its standards. However, whilst I agree it might not be fair to apply BVRLA standards here it is reasonable for evidence to be provided to support the finding of an EML on the dashboard for example by way of a photo. Particularly as Mr S has told us no such light was showing whilst he had the vehicle. However, despite no supporting evidence I accept that the report is probably accurate as I see no reason why the inspector would have noted a light if it wasn't there.
- However, I do think a charge of £1,675 is a significant sum. I have seen no evidence of an investigation to see what the issue was and what repair work, and at what cost, might be needed. The sum is the difference between what FRFL assumed it would achieve at an auction and what it did receive. I don't feel it's fair to charge Mr S for this. Auction estimate prices can't be guaranteed and had FRFL achieved a higher auction price than estimated I wouldn't have expected that to be passed back to Mr S. I have also seen nothing in the information provided to state that FRFL is entitled to charge Mr S with a shortfall achieved at auction.
- I am also aware Mr S ended his contract with FRFL in December 2024. He has evidenced, in February 2025, a letter from the manufacturer about a recall leading to an EML on the dashboard due to improper ECU programming. Mr S received this letter after he had returned his vehicle. It seems to me this recall may well explain the EML the inspector found.

- Taking all the information I have seen into account I don't believe it's fair Mr S is charged for the lesser price achieved at auction. I accept an EML showed on inspection but with no further details it's impossible to say what the actual problem was or if that was the sole reason for the auction price achieved. I think it's also likely that the problem may have been the reason for the manufacturer recall in which case it wouldn't be fair to penalise Mr S for a manufacturing fault

### **My final decision**

My final decision is that I uphold this complaint.

In full and final settlement First Response Finance Ltd should waive the £1,675 charge it has applied to Mr S's account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 August 2025.

Bridget Makins  
**Ombudsman**