

The complaint

Mr S complains that Stellantis Financial Services UK Limited (SFS) would not allow him to cancel his hire agreement, and he is unhappy with what happened after his agreement was settled.

When I refer to what Mr S and SFS have said and/or done, it should also be taken to include things said and/or done on their behalf.

What happened

On 18 March 2024, Mr S entered into a hire agreement with SFS to acquire a car first registered in January 2024. The period of the agreement was 24 months. This consisted of one advance payment of around £1,380 due at signing, followed by 23 subsequent payments of around £197.58 due monthly thereafter. In addition, Mr S took out a service contract with a monthly charge of around £22.31.

Mr S said that shortly after signing the hire agreement and collecting the car, he learned that his personal circumstances might be changing and that he may have to move. As such, he wanted to cancel his hire agreement. First, he contacted the supplying dealership, but they explained to him that he would need to contact SFS. Mr S said that he called SFS six days after signing the agreement but was told that he was late to cancel this agreement under the five day "cooling off period". Mr S also said that on 29 March 2024 he sent SFS an email informing them of his desire to exit the agreement as per the 14-day cancellation period. So, he is unhappy that SFS would not allow him to cancel his hire agreement within the 14-day period.

Mr S said that, as SFS would not let him cancel the agreement, he returned to the supplying dealership who agreed to buy the car back and settle the hire agreement. The supplying dealership made the required payment in June 2024, but, according to Mr S, SFS failed to update their systems and the relevant Credit Reference Agencies (CRA)s. This meant that he was chased for monthly payments after the agreement was settled.

In July 2024, SFS wrote to Mr S. In this correspondence they said the 14-day right to return is only applicable on loan-type agreements, whereby a finance loan is taken with the aim of purchasing the goods afterwards, such as an instalment credit agreement or a PCP. They explained that Mr S entered into a contract hire agreement, whereby ownership is not possible. As such, once the agreement ends after the 24-month period, Mr S would be returning car to them. They explained that the 14-day right to return does not apply to this agreement. SFS also said the five day right to return was stated on the contract, which Mr S signed.

SFS also wrote to Mr S in October 2024. In that correspondence they said they uphold his complaint regarding the late payment marker on his credit file, and that they will remove the late payment mark for July 2024. At this time, they also confirmed that there is no outstanding balance left for Mr S to pay and, as an apology for the inconvenience and for the concern that he has experienced, they are arranging for £100 to be credited directly to his bank account.

Mr S was not happy with their responses, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

In summary, our investigator was of the opinion that the five-day cancellation period did not apply in Mr S's case, as he signed the agreement in person on the dealership's premises. They also thought that the 14-day cancellation period did not apply, because of the nature of agreement in question. However, the investigator was of the opinion that SFS, have made a series of errors from the moment the dealer paid the settlement figure to SFS. As such, SFS ought to pay a total £200 compensation to acknowledge all that has happened.

SFS agreed, but Mr S 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered to have been good industry practice at the relevant time. Mr S acquired the car under a hire agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. SFS is the supplier of the goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

Also, I know that Mr S has recently mentioned that he is unhappy with some of the advice that was given to him, or information shared with him at the time of acquisition. However, I can only consider the actions/inactions of SFS and only the aspects they are responsible for. I cannot look at certain actions and/or inactions of the supplying dealership, which Mr S said he is unhappy about. So, in this decision I only focused on the aspects I can look into. And, I am only looking at the events that have been raised by Mr S with SFS, the ones they had an opportunity to address in their correspondence sent to him in July 2024 and in October 2024.

Was Mr S able to cancel or withdraw from his agreement without consequences?

I know that Mr S feels that he should have been able to cancel his hire agreement shortly after he entered into it. So, I have considered what Mr S and SFS have told us. I have also considered, among other, the available paperwork, including the hire agreement in question, to see what rights were available to Mr S.

Mr S said that during a call Stellantis told him that he had a cooling off period of five days, so I have considered the contact notes provided by SFS. From these I can see that Mr S called SFS on 26 March 2024. The call note states that SFS told Mr S he had five days to cancel the agreement. I think, most likely, Mr S was provided incorrect information during this call.

The reason for this is that I can see that Mr S signed a document headed 'YOUR RIGHT TO CANCEL'. This document states: "If you signed this agreement off trade premises then you have a right to cancel if you wish" it then goes on to say that: "You have 5 days starting with the day after you receive this notice". But from the evidence on file I think, most likely, Mr S signed the hire agreement and associated paperwork in person, so this agreement would not be considered signed off trade premises. As such, this five-day cancellation period did not apply in this case.

Even if the information SFS gave to Mr S on 26 March 2024 was correct - which I think it was not – it still does not make a difference as to whether Mr S would have been able to cancel the agreement at that time. I say this because Mr S signed the hire agreement on 18 March 2024 and only called SFS to enquire about the cancellation on 26 March 2024. So, this was already more than five days after.

Mr S also feels that he had 14 days to cancel his hire agreement. But his hire agreement is governed by – among other things – relevant provisions of the Consumer Credit Act 1974 (CCA) and rules made by the Financial Conduct Authority (FCA) specifically the Consumer Credit Sourcebook (CONC). However, neither the cancellation provisions in CONC 11.1 nor the withdrawal arrangements in section 66A of the CCA apply to the consumer hire agreements. Furthermore, I have not seen any other terms in the hire agreement itself that would allow me to say that, most likely, Mr S had a right to cancel or withdraw from the hire agreement he entered into with SFS.

I know Mr S feels the statement on his hire agreement, which refers to having a short time to cancel, is an ambiguous statement. Mr S told us it "does not define a cooling off period mandated by law in the Consumer Credit Act 1974". But, as I explained, neither the cancellation provisions in CONC 11.1 nor the withdrawal arrangements in section 66A of the CCA apply to the consumer hire agreements like the one Mr S entered into. So, there was no reason for the 14-day period referred to by Mr S, to be defined in that agreement. Also, the reference to the short time to cancel is, most likely, included to support agreements which are made 'off trade premises', and as such it does not apply to Mr S's situation. Finally, if cancellation rights were something that was important to Mr S, I think it would have been reasonable for him to make further enquiries before he entered into the hire agreement.

Based on the specific circumstances of this case, I am not able to say that SFS have done anything wrong when they did not allow Mr S to cancel or withdraw from his agreement.

Issues with the settlement of the hire agreement.

Mr S said that, as SFS would not let him cancel the agreement, he returned to the supplying dealership who agreed to buy the car back and settle the hire agreement. The supplying dealership made the required payment in June 2024. However, as he said, SFS failed to update their systems and the relevant Credit Reference Agencies (CRA)s. This caused Mr S to be chased for monthly payments after the agreement was settled.

From the sales invoice dated 10 June 2024, I can see the settlement figure was £19,553.44 and the dealership agreed to pay £17,316.13 for the car. So, there was a remaining balance of approximately £2,237.31. I understand that Mr S paid this to the dealership. I also understand that the dealer made the payment to SFS to settle the hire agreement on 5 July 2024. This was comprised of two payments totalling £19,553.44 (£219.89 plus £19,333.55). So I have considered that at the time of the settlement being received, SFS should have closed Mr S's account with them and have reported that the hire agreement has been settled to the relevant CRAs. However, I understand this did not happen right away. Also, I have

considered that the dealership could also have contributed to the delay that has occurred in Mr S's account being settled, but I think that Mr S provided SFS with all the relevant information regarding the settlement agreed with the dealership at the time he was raising his complaint with them. So overall I think, most likely, they were aware that they should have updated the relevant systems at that time.

SFS have told us that they closed Mr S's account on 4 November 2024 and updated the relevant CRAs, but I think this should have been done sooner. From the account statement provided by SFS, I can see the last payment made by Mr S was on 18 May 2024. As such, no further payments were made or due. Yet SFS confirmed that they recorded a late payment to the relevant CRAs for July 2024. SFS have confirmed that this has now been corrected on Mr S's credit file, but I think this had an impact on Mr S.

I think by causing delays in closing Mr S's account and by reporting incorrect information on his credit file, SFS has caused him distress. I say this because a late payment marker was present on Mr S's credit file for a few months which caused him concern. Furthermore, he was inconvenienced when trying to sort this out with them. I know SFS have already paid Mr S £100 compensation, but I think they should pay an additional £100. I think a total amount of £200 in compensation fairly reflects the impact this situation had on Mr S.

While I sympathise with Mr S for the difficulties that he is experiencing, based on all the information available in this case, I do not think there is sufficient evidence to say that, most likely, SFS need take any further action regarding this complaint except to pay Mr S a total £200 compensation, if this has not yet been paid.

My final decision

For the reasons given above I uphold this complaint and direct Stellantis Financial Services UK Limited to pay a total of £200 in compensation to Mr S, if this has not been paid yet.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 July 2025.

Mike Kozbial
Ombudsman