

The complaint

Mr B complains about the payment that he's been asked to make to RCI Financial Services Limited, trading as Renault Finance, to voluntarily terminate the hire purchase agreement under which a car had been supplied to him. Mr B is being helped with his complaint by his son.

What happened

A new car was supplied to Mr B under a hire purchase agreement with Renault Finance that he electronically signed in March 2022. The price of the car was £28,995, the agreement shows that Mr B made an advance payment of £5,000 and Mr B agreed to make 35 monthly payments of £278.59 and a final payment of £13,965.74 to Renault Finance.

Mr B contacted Renault Finance about ending the hire purchase agreement and it sent him a voluntary termination provisional liability quotation which said that his termination liability as at October 2024 was £1,139.80. Mr B signed the return slip and returned it to Renault Finance in which he confirmed that he understood how any liability amount would be calculated and that it was then £1,139.80 and he returned to car.

Mr B complained to Renault Finance about the termination liability but it said that he was required to have paid £14,497.50 to exit the contract early and the £1,139.80 was the shortfall payable to bring him to that point. Mr B wasn't satisfied with its response so complained to this service.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that the personal contract purchase agreement that Mr B had signed was a type of hire purchase agreement and that he didn't think that Renault Finance had changed the type of agreement. He said that for a voluntary termination to be possible, Mr B would have needed to pay £14,497.50 but, when he returned the car, he'd only paid £13,357 so needed to pay the remaining £1,139.80.

Mr B didn't accept the investigator's recommendation. His son said that Mr B wants to pursue his complaint but is no longer able to explain it because of his health. His son hasn't provided any further information or said why Mr B didn't accept the investigator's recommendation so I've been asked to issue a decision on this complaint.

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.

When Mr B complained to this service, he provided a document in which he described discrepancies between the information provided by the dealer and the figures held by Renault Finance. He said that the vehicle order outlines the transaction accurately, whereas the hire purchase agreement appears to have falsified figures, including a fabricated deposit. He says that based on the actual credit amount, the halfway point is £5,014.63 and he'd paid £8,636.29, so no penalty should be applied.

The new vehicle invoice shows that the total price of the car was £29,187, a deposit of £192 was paid, and Mr B traded-in a car which was given a value of £14,969.36, of which £10,469.36 was paid to settle the outstanding finance on that car, so the total amount due was £24,495. It also shows that of that £24,495, £23,995 was to be paid by Renault Finance under the hire purchase agreement and there was a finance deposit allowance of £500.

The hire purchase agreement shows that the cash price of the car was £28,995 (which is £192 less than the price shown on the invoice) and an advance payment of £5,000 was made so the amount of credit was £23,995. It's my understanding that the advance payment of £5,000 was the trade-in value of £14,969.36, less the settlement amount of £10,469.36, plus the finance deposit allowance of £500. The total amount payable under the hire purchase agreement was shown as £28,995.

The hire purchase agreement says:

"You have a right to end this Agreement. To do so, you should write to the person you make your payments to. They will then be entitled to the return of the goods and to half the total amount payable under this Agreement, that is £14,497.50. If you have already paid at least this amount plus any overdue instalments and have taken reasonable care of the goods, you will not have to pay any more".

£14,497.50 is half of the total amount payable and I consider that the hire purchase agreement correctly sets out the financial arrangement that Mr B had agreed with the dealer for the car and Mr B's right to end the agreement by paying at least £14,497.50 to Renault Finance. That is the amount that had to be paid to end the agreement early by voluntary termination and it isn't a penalty.

When Mr B contacted Renault Finance about ending the hire purchase agreement, he'd made monthly payments totalling £8,357 and had made the advance payment (as I've described above) of £5,000, so a total of £13,357.70. That was £1,139.80 less than the £14,497.50 that had to be paid for him to be able to end the agreement early, so I consider that it was fair and reasonable for Renault Finance to charge Mr B £1,139.80.

I'm not persuaded that there's enough evidence to show that Renault Finance has acted incorrectly in its calculation of Mr B's termination liability. I understand that Mr B has returned the car to Renault Finance and has an outstanding liability to it of £1,139.80. I find that it wouldn't be fair or reasonable in these circumstances for me to require Renault Finance to write-off Mr B's outstanding liability, to pay him any compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 July 2025.

Jarrold Hastings
Ombudsman