

The complaint

Mr T complains about how Toyota Financial Services (UK) PLC trading as Redline Finance (RF) administered his hire purchase agreement when he was unable to repay it. He says the key parts of his complaint are that:

- RF illegally threatened and intimidated him by stating they would contact the police to report the vehicle under the agreement stolen.
- Mr T feels RF failed to treat him fairly and reasonably when dealing with financial difficulty, and that he doesn't feel the action taken by RF in trying to recover the vehicle was fair including not halting action whilst a complaint is open.
- Mr T also raised issues around commission disclosure and agreement fairness later in the complaints process.

What happened

As mentioned above, Mr T has raised issues around commission disclosure and the fairness of the agreement. The investigator that dealt with Mr T's complaint explained that we would not be able to consider these issues at this point, as they have not been referred to RF to issue a final response on. This is correct. As such I will not be commenting on the disclosure of commission or the fairness of the agreement in this decision. Mr T may be able to raise separate complaints about these, and RF will need to answer them.

In this decision, I'm only looking at the administration of the finance agreement and the actions taken by RF in relation to it. There has been a lot of information provided, and I may not comment on everything raised or detail every point of contact, as I don't think I need to. But I would like to reassure all parties that I've carefully considered all of the information to guide my decision.

Mr T acquired a used car using a hire purchase agreement which was started in January 2023. The vehicle was around eight months old and had a cash price of £57,569.00. Mr T paid a deposit of £10,000.00. the total payable on the agreement was £68,613.00. This agreement was to be repaid through 48 monthly instalments of £758.04. with a final repayment being due in month 49 of £22,227.50.

Mr T explained he fell into trouble with repayments after his employment ended unexpectedly. Mr T explained he'd reached out to RF to discuss his options and wanted to talk about the support it could offer having sought advice from an organisation that could offer help in these circumstances. Mr T added he felt RF's actions weren't supportive, they were unwilling to agree to a repayment plan, deferred payments or accept token payments towards the agreement. Mr T said that RF then defaulted the agreement after being unwilling to help, and started action to recover the vehicle. Mr T said this action does not feel fair, as he needs the vehicle for transporting his children and attending job interviews. As part of this recovery Mr T explained RF stated it would report the vehicle as stolen, which Mr T found threatening, highly upsetting and potentially illegal. Mr T also added that RF continued to

pursue action to recover the vehicle and enforcement action despite referring his complaint to the Financial Ombudsman Service.

Mr T was unhappy with the way RF had acted and so raised a complaint. In its response RF did not uphold the complaint. RF explained it had tried to contact Mr T several times to discuss the arrears but weren't able to get through. Due to the arrears on the account and not receiving payments, the account was referred to a debt-collection agency.

Alongside this RF explained it had sent requests for Mr T to change the vehicle back into his own name, as he had changed the V5 logbook and registered keeper to a third party. RF explained this was a breach of the terms and conditions of the agreement. RF explained that if the vehicle was not put back into Mr T's name, a notice of default may be issued. As this had not been done, the default notice was issued.

RF acknowledged Mr T had attempted at times to make contact, but have not received replies to emails or requests for contact have also gone unanswered. RF said in the response, the token payments can't be accepted due to the payments needing to go towards paying for an asset and explained the role of the customer outcomes team in relation to options available. RF also make clear that if a payment plan isn't agreed, and Mr T is unable to make his payments on the agreement, the vehicle will need to be surrendered. RF also explain the contact that has been sent outlining the options that may be taken if contact is not made, alongside signposting Mr T to services that may be able to help with financial difficulty.

Mr T was unhappy with this response, and as such, brought his complaint to the Financial Ombudsman Service, where it was passed to one of our investigators. The investigator did not uphold the complaint. The investigator explained that RF hadn't been wrong in taking the action they had to try to recover the vehicle. They were within their rights to repossess the vehicle without a court order as laid out by the agreement as Mr T had not yet paid a third of the agreement. The investigator explained RF had acted responsibly in it's dealings with Mr T's financial difficulties by not entering into an unaffordable repayment plan with him, and didn't think RF had acted incorrectly in relation to the communication around reporting the vehicle as stolen.

Mr T didn't agree with the investigator's outcome, and raised some further points, including the commission element referenced above.

These points did not change the investigator's outcome, and so Mr T asked for the complaint to be reviewed by an Ombudsman. As such, the complaint has been passed to me to 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 what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

I think there are two main issues to consider here, was RF acting correctly when dealing with Mr T's financial difficulties, including the actions taken around this, and did RF act unfairly when it told Mr T about reporting the vehicle as stolen.

Given what I have outlined above, I think it's established Mr T was unable to reliably make the contractual loan repayments. He was significantly in arrears, and in line with the terms and conditions of the agreement, RF explained the action that may be taken. A pre default notice was issued, which was then followed with a default notice. So, I don't think it's reasonable to say Mr T had the ability to pay the car finance despite his intention to recover his financial situation and get payments back on track. I can see Mr T and RF had been in contact, and there were discussions around payment deferrals and repayment plans, however these were not suitable for Mr T's current situation. At one point Mr T explained he'd received a job offer, but this didn't appear to materialise further down the line.

Mr T had also transferred the vehicle into a third-party name, breaching the agreement terms and conditions. RF had asked him on more than one occasion to transfer the vehicle back into his name, and RF had been told that this was done, however their checks showed the vehicle was not put back into Mr T's name.

By the point RF had issued the default notice, Mr T was in arrears missing several payments and the vehicle was no longer registered in his name. I don't think it was unfair of RF to recognise this and take the appropriate action. Referrals to its support team had been made, but unfortunately a repayment plan was not deemed to be affordable due to Mr T's situation. I acknowledge why Mr T's position, and why he feels the way he does about the repayment plan issues and the support offered, however I'm not persuaded RF have acted unfairly on these issues.

In relation to Mr T's points around RF's communication in relation to reporting the car as stolen. I also acknowledge why he feels so strongly about this. From Mr T's position, he doesn't appear to have intended to run into trouble paying his agreement and he needed the vehicle. I acknowledge why it will be distressing for Mr T to be told the vehicle would be reported as stolen. I must weigh up why RF said this. From what I can see, Mr T had not been paying for RF's asset as agreed in the contract. Alongside this, he had transferred the vehicle into a third-party's name, and despite requests to have this changed back, this had not been done. Contact wasn't always successful and could be sporadic with the vehicle not being surrendered.

It is not for me to decide if the police would or would not decide to act or not, or if they would consider a report under these circumstances as a waste of their time. Having considered the specific circumstances in this case outlined above, I'm not persuaded RF acted unfairly in explaining that this is something that could happen. I say this because RF may have had genuine concern regarding the vehicle due to the factors I've outlined above. And as I also said above, I acknowledge why this would be distressing for Mr T and I acknowledge he believes this was meant to intimidate him, but I couldn't say RF acted unreasonably by outlining action that could be taken under the circumstances.

Mr T also raised questions around RF not halting action whilst a complaint is open. Whilst a business may choose to delay or hold certain actions whilst a complaint is open it is not a requirement for a business to do so. Under the circumstances of the vehicle no longer being in Mr T's name despite requests for this to have been changed back, RF being unable to locate the vehicle and the account outstanding as it was, I can't say RF have acted unreasonably in not holding certain actions whilst a complaint was investigated. If the car was recovered by RF but this service decided that it shouldn't have been, actions taken by a business do not stop redress being awarded where it is the right thing to do so. I do acknowledge why Mr T would like this to have happened, but I can't say RF have to do anything differently on this point.

I appreciate this will not be the answer that Mr T is looking for and I hope his circumstances improve. But overall, I'm not upholding this complaint.

It is likely Mr T still owes RF a significant amount. When RF is arranging how Mr T should repay this, I would remind RF of its responsibility to treat Mr T fairly and with forbearance. and positively assist him with this debt.

My final decision

For the reasons set out above, I'm not upholding Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 22 August 2025.

Jack Evans
Ombudsman