

The complaint

Mr G complains that a regulated finance agreement arranged by ITC Compliance Limited (“ITC”) was mis-sold to him.

What happened

In August 2023 Mr G acquired a used car financed through a hire purchase agreement with a finance company. The agreement had been arranged by ITC in its role as a credit broker. The cash price of the car was £34,995 and Mr G signed an agreement for 47 monthly payments.

Mr G said at the outset he informed the broker that he only required the loan until January 2024 as at that point he would have money freed up to settle the finance. He said he asked what he would expect to pay and was advised it would be a number of months interest and a small admin fee. Mr G said he was happy at what he was advised and signed. He said the broker marked the phone number he needed to call to arrange a settlement.]

In January Mr G contacted the finance company for a settlement figure. He said the figure provided didn't make sense and he was later made aware that at the start of the agreement interest is 'bulked.' Mr G said he was never made aware of this at any stage during the financial transaction at the dealership nor was it in the financial agreement. He said had he been made aware of the 'bulking' of interest he would not have signed or accepted the agreement.

Mr G raised a complaint first with the finance company and then with ITC. He said based on the lack of information provided to him at the time of the agreement (not advised of the 'bulking' of interest) he was mis sold this financial product at the dealership. He said all financial agreements should be open and clear with all information provided at the time to be fair so that a customer can be in a position to make an informed judgement on proceeding or not. He said in this case it was not.

In its final response ITC said Mr G's allegations he was mis-sold the finance agreement were unjustified and it didn't uphold his complaint. So he brought it to our service. Our investigator concluded that there wasn't enough evidence to conclude the agreement had been mis sold. Mr G didn't agree and asked for a decision from an ombudsman. He made some additional comments to which I have responded below where appropriate.

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.

I realise this will come as a disappointment to Mr G but having done so I won't be asking ITC to do anything further for the reasons I've outlined below.

I've seen that Mr G has made numerous points in support of his complaint. I'm not going to respond to every single point made by him. No discourtesy is meant by this, instead I've focused on what I think is the crux of the complaint. Our rules allow me to do this, and it simply reflects the informal nature of our service. If there's something I've not mentioned it isn't because I've ignored it, I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is the right outcome.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Mr G's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Generally speaking, a misrepresentation is when a false statement of fact has been made; and this false statement induces a customer to buy the goods. Mr G hasn't argued he was told something he's later found to be untrue. However, there are some more limited circumstances where an omission to disclose a material fact can constitute a misrepresentation – that is by what a supplier doesn't make clear when it ought to, either deliberately or otherwise.

Mr G believes he was mis-sold his finance agreement as he wasn't advised the interest was front loaded (Mr G referred to it as 'bulking'). I've seen a copy of the finance agreement signed by Mr G on 16 August 2023. Having signed it he agreed to be bound by its terms and conditions.

Mr G is correct that the agreement doesn't break down in detail how the interest is structured over the course of the full term, specifically that the interest was front-loaded. But front loading interest is standard practice in the motor industry, and it was taken into account when the Consumer Credit (Early Settlement) Regulations 2004 were passed. So I'm satisfied Mr G has not been treated unfairly in that respect. Mr G believes that the fact the interest is front loaded should be explained in detail in the agreement. He would like to know why this isn't explained. I understand Mr G's frustration here. But there's a balance to be struck between defining and explaining each and every term of a contract and keeping a contract to a reasonable length.

Mr G said on the agreement it clearly states the interest rate at 12.1% APR. He said the money he paid in interest over the period he paid does not represent 12.1% therefore there is a clear breach of contract. He also provided his own calculation.

On page one of the agreement it says:

"The Rate of Interest (calculated in the same way as the APR, but excluding fees) is 12.11% pa. This rate is fixed for the duration of this Agreement. The interest payable is calculated at the outset of the Agreement and is included in the monthly repayments stated below. The APR is 12.1%. The APR is calculated on the following assumptions: repayments commence one month after the credit is drawn down; you make all repayments on the agreed dates, no variation occurs under this Agreement."

I'm satisfied the agreement states the APR is 12.1% and is calculated for the duration of the contract on the assumption no variation occurs under the agreement. Mr G asked for a settlement about six months into the agreement which would constitute a variation.

Mr G has said he wasn't given any time to read the financial contract papers. He said he was just asked to sign in various places, and this breaches the contract conditions. Mr G said he

has been truthful and factual with his testimony and I'm not disputing this. He would like us to get testimony from the advisor who acted as the broker. Mr G has said this person would confirm his account of what happened. Unfortunately this isn't possible. As the investigator has explained this person has left the business. I'm not able to say what was said during face to face discussions which took place with the broker/at the dealership as I wasn't there. And no contemporaneous notes exist. So, I must rely on what evidence is available and what I believe likely occurred.

I've seen a copy of the Pre-contractual Explanations Checklist. This was signed by Mr G on 16 August 2023. It says:

"I confirm I have read or have been provided with:

- *The Pre-Contract Credit information and been told that I should read it carefully and consider the information before I sign the finance agreement and that I am able to take it away to read it.*
- *An explanation of the 'right to withdraw' from the finance agreement and when this right may be exercised.*
- *An explanation of how interest is charged should I wish to settle my finance agreement early.*
- *An opportunity to ask questions about the finance agreement, together with the contact details of [the finance company] where further details may be obtained and questions directed."*

Mr G has ticked all the above statements. While I understand Mr G's strength of feeling that he wasn't given the opportunity to read the documents, he did sign the statement to say that he was given that opportunity. He also signed to say he had been given an explanation of how interest is charged. It's not clear to me why Mr G would have signed this document if he didn't agree with the statements.

Mr G said when he enquired about early settlement he was told he'd have to pay a number of months interest and a small admin fee. As this seems quite vague and Mr G had an expectation of settling the finance agreement early it would be reasonable to expect Mr G to ask more specific questions about the settlement and interest at this point. And as noted in the Pre-contractual Explanations Checklist this might include seeking further clarification from the finance company.

So I'm persuaded there isn't enough evidence for me to conclude there was an omission to disclose a material fact and for this reason, I don't think the agreement was mis-sold. I'm sympathetic to the fact this is not the news Mr G would like but I won't be asking ITC to do anything further.

My final decision

My final decision is I don't uphold this complaint.

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

Maxine Sutton
Ombudsman