

The complaint

Mr J complains Volkswagen Financial Services (UK) Limited ('VWFS'), trading as Skoda Financial Services, were unreasonable not to agree to further extend his car finance agreement.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr J took receipt of a new car in October 2018. He financed the deal through a three-year hire agreement with VWFS. At the end of the lease Mr J asked for, and VWFS agreed, an extension to the lease and it was subsequently extended on several occasions until October 2024. When Mr J asked for a further extension VWFS refused as by then arrears had built to around £6,000 and Mr J hadn't been making payments for some time. VWFS didn't think the agreement was affordable for Mr J and considering his income and expenditure they didn't think he could afford a repayment plan either. They said they'd considered the health issues Mr J had had over the previous 18 months, but the situation wasn't sustainable.

Mr J referred his complaint to this service but as our investigator didn't think VWFS had been unreasonable Mr J asked for a decision by an ombudsman.

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 know it will disappoint Mr J, but I'm not upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr J acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

A hire agreement is a fixed term agreement and extensions to it are at the firm's discretion, there was no contractual right to an extension.

I'd expect VWFS to have been sympathetic and supportive when Mr J explained his financial difficulties and to take his health problems into account when considering his ability to pay.

Mr J told VWFS about his health concerns in April 2023 when arrears were building on the account. There were times when he explained his health was improving and as he'd explained how important it was for him to retain the car I think VWFS were supportive when they allowed a further extension until October 2024.

But taking into account Mr J's health concerns doesn't mean that VWFS had to continue to supply credit indefinitely. They were sensitive when understanding it was important for Mr J to have a car and when extending his lease to facilitate that. They were also fair to consider a repayment plan although it wasn't possible to establish one when an analysis demonstrated Mr J didn't have sustainable means of repaying, and they were supportive when they referred Mr J to organisations that may be able to help him.

I don't think VWFS were unreasonable to refuse to extend the lease any further. By the time they made that decision Mr J hadn't made a payment for a considerable time and his arrears were around £6,000. While he'd explained to VWFS that he was selling his house and would use the funds to pay off the arrears, given the length of time the arrears had persisted and the delay that would have been likely before any funds may have been realised, I don't think they needed to take that into account. At that point I think it would have been clear that Mr J could not sustainably afford to repay the amounts due on an extended lease and to ask him to do so would be likely to make his financial position worse.

I don't think VWFS have been unreasonable here and I'm not asking them to take any further action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 25 September 2025.

Phillip McMahon
Ombudsman