

The complaint

Mr T complains about the way that Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services, has dealt with the hire purchase agreement under which a car was supplied to him.

What happened

A used car was supplied to Mr T under a hire purchase agreement with Audi Financial Services that he electronically signed in March 2023. Mr T voluntarily terminated the agreement in June 2024 and the total amount that he owed under the agreement was £17,077.06. Mr T made Audi Financial Services aware that he would be abroad for a couple of months and asked it to correspond with him by email, but it continued to send letters to him.

Mr T complained to Audi Financial Services in November 2024 and it upheld his complaint. It said that it had sent all letters to the address that it had on file and not emailed him as asked for. It apologised for that and paid him £75 as it was its error in not emailing the information about the arrears to him. His account had been transferred to a debt collection agency and it said that he should contact the debt collection agency if he was looking to set up a payment plan.

He contacted the debt collection agency in December 2024 and then complained to this service. Audi Financial Services then offered to reduce Mr T's outstanding balance by £350 due to the time and inconvenience that Mr T had been caused. Mr T said that he was happy to accept its offer regarding the inconsistency with the balance but still believed that he lost the opportunity to deal directly with Audi Financial Services in November 2024 when it referred his account to the debt collection agency because he hadn't contact it to discuss the balance and/or agree a payment plan, which was due to its communication error.

Mr T's complaint was looked at by one of this service's investigators who, having considered everything, thought that Audi Financial Services' offer of £350 compensation for its mistake in not contacting Mr T by email was fair but she said that she wouldn't be recommending that it bring his account back from the debt collection agency.

Mr T didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He has provided detailed responses to the investigator's recommendation about Audi Financial Services' failure to update his address, his exceptional circumstances and his mental health situation. Mr T has also made a subject access request to Audi Financial Services as he wants it to provide him with a recording of a call in which he says that he told it about a change of address.

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.

The hire purchase agreement was voluntarily terminated in June 2024. There was some

inconsistency about the outstanding balance of Mr T's account but Audi Financial Services has confirmed that the outstanding balance is £17,077.06. It says that there was a shortfall of £10,715.78, the account was in arrears of £3,795.44 and there were excess mileage and refurbishment charges of £2,565.84. I can't see that Mr T has complained about those charges so I won't be commenting on them further.

Mr T says that he informed Audi Financial Services in June 2024 that he would be abroad for a couple of months and Audi Financial Services accepts that Mr T asked it to correspond with him by email but that it continued to send letters to him. Mr T returned to the UK in November 2024 and tried to speak with Audi Financial Services but it said that his account had been transferred to a debt collection agent. Mr T complained to Audi Financial Services in November 2024 and it said that it had sent all letters to the address it had on file. It said that it knew that it hadn't got his updated address as he'd said that he'd moved. I've seen no evidence to show that Mr T provided Audi Financial Services with details of a new address before November 2024.

Mr T has made a subject access request to Audi Financial Services as he wants it to provide him with a recording of a call in which he says that he told it about a change of address. Even if he did tell Audi Financial Services about a change of his address, he'd asked it to correspond with him by email and he says that he would have been unable to resolve the outstanding balance until he returned to the UK in November 2024.

Mr T says that he didn't receive important correspondence regarding his account, which limited his ability to resolve the outstanding balance in a timely manner. But he also says that he couldn't communicate with Audi Financial Services, update his return date or make alternative arrangements due to the exceptional circumstances that he was experiencing and he says that he contacted Audi Financial Services as soon as he returned to the UK in November 2024. He also says that his mental health situation made it impossible for him to communicate with Audi Financial Services. So, even if he had received emails from Audi Financial Services or it had sent letters to him using an updated address, his exceptional circumstances and mental health situation would have meant that he was unable to resolve the outstanding balance until he returned to the UK in November 2024.

Mr T had voluntarily terminated the hire purchase agreement in June 2024 and I consider that he would have known, or ought reasonably to have known, that there was an outstanding balance that he owed to Audi Financial Services, but he didn't contact Audi Financial Services until he returned to the UK in November 2024. By then, his account had been transferred to a debt collection agency.

As it hadn't been contacted by Mr T since June 2024 when he told it that he would be abroad for a couple of months, I don't consider that Audi Financial Services acted incorrectly in transferring Mr T's account to the debt collection agency. In its final response to Mr T's complaint in November 2024, Audi Financial Services said that he should contact the debt collection agency if he was looking to set up a payment plan and I can see that Mr T did contact the debt collection agency. It then asked him in December 2024 to complete an income and expenditure form and a medical health questionnaire. I'm not persuaded that it would be fair or reasonable for me to require Audi Financial Services to take Mr T's account back from the debt collection agency or to deal directly with Mr T about his account. The debt collection agency will be able to deal with Mr T's account and I don't consider that he's been adversely impacted by Audi Financial Services transferring his account to a debt collection agency.

Audi Financial Services has paid £75 to Mr T for its error in not emailing the information about the arrears to him and it has offered to reduce Mr T's outstanding balance by £350 due to the time and inconvenience that he's been caused. I consider that to be a fair and

reasonable response to those issues. I find that it wouldn't be fair or reasonable for me to require Audi Financial Services to take any other action in response to Mr T's complaint.

Putting things right

I find that it would be fair and reasonable in these circumstances for Audi Financial Services to reduce the outstanding balance on Mr T's account by £350 to £16,727.06.

My final decision

My decision is that Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services, should reduce the outstanding balance of Mr T's account by £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 August 2025.

Jarrold Hastings
Ombudsman