

The complaint

Mr T is unhappy with how Volkswagen Financial Services (UK) Limited trading as Seat Financial Services ('VWFS') set up a hire purchase agreement.

What happened

Mr T acquired a car under a hire purchase agreement ('agreement A') with VWFS around September 2022.

Unfortunately, Mr T said the car developed faults and eventually broke down in September 2023. He says it was repaired and returned to him in November 2023, but the issues persisted. Mr T complained and asked to reject the car, which he said was agreed by VWFS and the supplying dealer. A final response to this complaint was sent in March 2024.

The final response, in summary, said VWFS along with the dealer had reduced the settlement figure for agreement A by £3,000. It said a new car had been sourced which would be supplied to 'match' Mr T's current finance agreement. And VWFS said it had paid Mr T £500 to reflect what happened.

Mr T says in relation to the replacement car that he was promised he would be 'financially unaffected' and that he was told the terms of the finance would remain the same on a new agreement.

When he collected the replacement car in April 2024, Mr T says the dealer told him to sign the new agreement ('agreement B') and it would be adjusted afterwards if there were any issues.

Mr T says after entering agreement B, although the monthly repayments were the same, he noticed the final settlement figure rose significantly. He said the cash price of the new car was significantly higher than on agreement A. And he said around £3,000 worth of monthly payments towards agreement A had not been considered along with the £3,000 deposit. He says all the payments under agreement A should've been carried forward to agreement B.

Mr T asked VWFS to amend agreement B later in April 2024 but it said this couldn't be done as it had been signed. It said it believed Mr T was aware of the terms of the agreement and said it had done what it set out in its final response.

Mr T remained unhappy and referred a complaint to our service. VWFS initially told our service it didn't think we had the power to investigate the complaint as it had been referred more than six months after it had issued its final response.

VWFS then reviewed things and explained it did think we could address the specific concerns raised by Mr T *following* the final response being issued. And our investigator issued a view explaining he agreed this was the case.

VWFS then explained to our service that it didn't think it did anything wrong when setting up agreement B. It said the settlement figure for agreement A had been lowered by £3,000 as it

said it would be. It said the terms of agreement B were set with the dealer and it wouldn't be unusual for a newer car to cost more overall.

Our investigator issued a view and didn't uphold the complaint. In summary, he said it wasn't clear from the final response sent by VWFS that the terms of agreement B would be exactly the same as agreement A. Nor did he think it was explained the payments made to agreement A would be counted towards agreement B. He said it appears Mr T was happy to go ahead with the finance and collected the car. And he said Mr T had been inconsistent with his testimony at points, so it was difficult to follow exactly what had happened at the time.

Mr T responded and said he was attempting to get call recordings from the dealer and VWFS. He said these conversations backed up what he told our service. And he reiterated his original points and explained he shouldn't be left worse off because of problems with the car supplied under agreement A.

VWFS then supplied our service with some phone calls that took place. It said, in summary, these calls backed up what it previously explained.

Our investigator then issued a second view. He said, in summary, that the calls took place before agreement B was entered into. He said they showed it wasn't agreed to reject the car. He said it was then explained that a total of £3,000 was being contributed to the settlement figure, meaning that Mr T could have a new agreement with the same monthly payments. He said he thought this was in line with what VWFS told our service.

Mr T remained unhappy. In summary, he said he hadn't been allowed to send evidence from the dealer to be considered. He said VWFS specifically said he would be in the same financial position. He said the total amount payable under agreement B was higher, so he had been put in a worse position. And he said the £3,300 overpayment had not been taken forward.

Our investigator explained Mr T was welcome to send any evidence he had about the dealer. And he said the other points hadn't changed his opinion.

Mr T then said he wanted to acquire some call recordings from the dealer. He later forwarded an email explaining no call recordings were available. And he said £6,582 he made in payments were 'lost'.

As Mr T remained unhappy, the case was passed to me to decide. I sent Mr T and VWFS a provisional decision on 18 July 2025. My findings from this decision were as follows:

Mr T complains about a hire purchase agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity, so I'm satisfied I can consider Mr T's complaint about VWFS.

I need to make it crystal clear to both parties that I am in no way considering, nor making any findings on, events addressed by the final response sent in March 2024. Mr T has raised some individual points about the fairness of the redress he received and feels he lost out from the car under agreement A being faulty. But I cannot consider these issues and these are not addressed in this decision.

That being said, I still need to consider the contents of this final response, which I'll come on to, but again I have to be clear that by doing so I am in no way commenting on what previously happened nor whether what was agreed to put things right was reasonable or not.

Mr T has made a lot of individual points about the complaint. I should explain I might not comment on every one of these, nor may I comment on every piece of evidence. I want to reassure Mr T and VWFS that I've carefully considered all of the information about the case. But, I'm going to focus my decision on what I consider to be the key facts and the crux of Mr T's complaint.

Firstly, I want to make it clear to Mr T that I agree agreement B is different to agreement A, and I don't actually think this is in dispute. Some of the points he raised, such as the repayments to A not being taken onto B, are clearly correct. I've set out the general terms below to illustrate this point:

	Agreement A	Agreement B	Difference
Cash price	£ 30,471.00	£ 33,053.75	£ 2,582.75
Deposit	£ 9,092.52	£ 10,171.85	£ 1,079.33
Monthly payments	£ 256.68	£ 177.00	-£ 79.68
Final payment	£ 12,375.00	£ 16,686.90	£ 4,311.90
Term (months)	40	36	-4
APR	2.9%	0%	-2.9%
Annual mileage	10000	10000	0
Amount of credit	£ 21,378.48	£ 22,881.90	£ 1,503.42
Total payable	£ 32,104.72	£ 33,053.75	£ 949.03

The above shows the status of the agreements when they were entered. Under agreement A, I can see Mr T made a payment of £3,300 in October 2022. I've then seen the repayments under agreement A changed to £177.47 a month. So, I'm satisfied that the monthly payments under agreement B were essentially the same as Mr T was paying under A when it ended.

That being said, I'm satisfied whether agreements A and B were different or not is not the crux of this complaint. I'm satisfied the key thing to consider here is whether the terms of agreement B were misrepresented to Mr T.

I would consider a misrepresentation to have occurred if Mr T was told a 'false statement of fact' about agreement B, which induced him into entering into the contract when he otherwise would not have.

VWFS has directed Mr T at times to the dealer. And Mr T told our service he was frustrated as he believed we told him we couldn't consider the dealer's actions – although in fairness I can't see this was the case. So it's worth making it clear I'm satisfied that VWFS can be held responsible for what the dealer told Mr T about agreement B before it was entered into.

I say this because Section 56 of the Consumer Credit Act 1974 explains, under certain circumstances, that a finance provider is liable for what a credit broker or supplier says during "antecedent negotiations".

There are clearly very different versions of events about what took place here. Mr T has said it was agreed that the car under agreement A would be rejected and that a replacement car would be financed under agreement B with exactly the same remaining terms as agreement A, including all payments made being taken forward.

VWFS said it was agreed, in summary, that it would contribute £3,000 to settle agreement A and set up agreement B so the monthly payments were the same.

Although I don't again think it's in dispute here, it's worth briefly noting that what actually happened with agreement B was, roughly, what VWFS set out. So, I need to consider if Mr T was told a 'false statement of fact' about this.

I'll firstly consider the rejection of the car. With all due respect to Mr T, I think there might have been a little confusion around what this means. Rejection is a specific remedy set out in the Consumer Rights Act 2015. I'll comment on this further below, but I can't see this was ever agreed to. And what Mr T describes above – i.e. getting a replacement car and a new agreement on the same terms, doesn't match what rejecting the car would've meant. So, I find Mr T was not told the car under agreement A was going to be rejected.

That brings me on to the second, more contentious part, which is what was said about the terms of agreement B.

I've seen a copy of the final response to the earlier complaint sent on 7 March 2024. I should state very clearly once more that this decision makes no findings nor comments about this outcome. But, I do think it's important to acknowledge what it sets out.

The final response explains the complaint was upheld due to issues with Mr T's car. As a resolution, it states:

*"As agreed, in partnership with (manufacturer) support has been given to (dealer) of £3.000.00 to reduce your settlement. By supporting this way. we have been assured by (dealer) a new vehicle has been sourced which **can be supplied to you to match your current finance agreement.***

To further recognise the experience you have had with both your vehicle. and the service from ('VWFS'), we have agreed to make a goodwill gesture payment to you of £500.00."

Emphasis above was added by myself.

Mr T said about this:

"I understand "matching your current finance agreement" to mean replicating the terms of my previous agreement."

I've carefully thought about this. I will say to VWFS that I don't think the language used here is particularly helpful nor as clear as it could be. The word 'match' is somewhat ambiguous, and without further context it's difficult to decide exactly what this actually means. I will say though that I don't agree with Mr T that this set out that the terms would be carried through from agreement A to agreement B including all payments made.

There are limitations to whatever was set out here actually means for this case. I say that because Mr T confirmed to our service that he only received the response a few days after agreement B was entered. So, whatever the contents of this response, agreement B couldn't have been directly misrepresented to Mr T by them.

However, I still think it's worth commenting on the above as I think the contents of the response are relevant when thinking about what Mr T likely might have been told elsewhere. Thinking about this, in general terms, I think this adds at least some weight to VWFS' version of events.

I've then listened to the phone calls with VWFS and Mr T that are available.

In summary, I'm satisfied it is not stated a rejection was agreed, nor that the terms of

agreements A and B would be identical, nor that payments from A would be taken onto B. It's explained to Mr T that £3,000 has been put towards the settlement of agreement A and that the monthly payments under B would remain the same.

During one call it's mentioned that the 'balance' under the agreements will be around the same. But it isn't clarified what this actually means. And given some figures I set out above are roughly similar, and Mr B says on the call that he knows it won't be 'exact'; I don't think this is a 'false statement of fact'.

I've also considered the specific transcript Mr T provided from the phone calls. All parties should note the following notes were copied from what was sent by Mr T and are not my own:

"C: Yes, so the resolution will be either yes, the rejection has gone through or no it hasn't, and then if it has, we need to get in touch with you because my agreement needs to change to a different car. Whatever the difference is, that's not for me to pay — I'm paying still the £16,152 or whatever is left on my balance.

A: Hmm... yeah, I can see that yeah (inaudible) monthly rental payment — we cannot advise you to cancel your direct debit, erm so yeah.

C: Oh no, I'm not doing that.

A: You got it, so nothing I can do at this moment.

C: Nothing's been agreed, so nothing can happen if you see what I mean.

A: Yeah, so I can add in my notes (inaudible) regarding this update, adding the reference number for (manufacturer), and if someone (inaudible) the dealership, they can get ahead of this."

Mr T said this clearly demonstrated his financial position should remain unchanged if the rejection was accepted.

I've thought about this. But I'm satisfied it wasn't agreed the car would be rejected. And, either way with respect to Mr T's opinion, I'm satisfied this conversation doesn't make anything clear about what the terms of agreement B would look like.

I can understand Mr T's frustration that the calls with the dealer aren't available. This means there is extremely limited evidence here. But, based on all of the above, I'm not persuaded it's most likely that the dealer told Mr T a false statement of fact about agreement B over the phone before he entered into the contract.

I've gone on to think about other contact with VWFS or the dealer. I've noted Mr T told our service that the dealer said to him that the agreement could be altered after it was set up as he signed it when collecting the car. But this isn't what he earlier told VWFS. He said:

"Before signing the agreement, I raised concerns about the terms via email (please see the attached email for reference). During the contract signing, I discussed these concerns with (staff name), who informed me that adjustments were **not** possible. Trusting his advice, I proceeded to sign the agreement.". Emphasis added by myself.

And later:

"At the last hour, the retail outlet then said it was **not** possible to have terms and settlement

the same". Emphasis added by myself.

Mr T told our service later:

"When I collected the car in March, (name) again stated that (dealer) could not arrange for me to remain in the same financial position and advised me to contact (VWFS) if I was unhappy."

It's worth setting out the sequence of events of what I think happened. To do this, I've reviewed emails and the dates of documents Mr T signed. I'm satisfied Mr T was sent a copy of agreement B. The next day he signed it. And it wasn't until a day or two after this that he collected the car. So I don't think what Mr T set out is plausible.

Whatever happened, I can't see from the emails any suggestion that agreement B could be altered after Mr T signed it, nor have I seen other evidence. While I appreciate Mr T said he was told this before he entered agreement B, he has been inconsistent here and the evidence does not back this up.

Having thought about this, I haven't seen enough to make me think it's likely the dealer, nor VWFS, told Mr T the terms of agreement B could be changed. And, either way, I'm even more confident that this wasn't the case before he'd already entered into it.

Having thought about all of this, I don't think it's likely Mr T was told a false statement of fact about agreement B before he entered into the contract. It follows I'm satisfied that it was not misrepresented to him. Nor have I seen it was misdescribed or that Mr T was misled in some other way.

All of that being said, it's worth me explaining to Mr T that even if I reached the opposite conclusion above, I would still then likely not find a misrepresentation had taken place nor uphold the complaint. I say this because I'd then need to consider whether any false statement of fact induced Mr T into entering into the agreement when he otherwise would not have.

Thinking about this, as set out above I'm satisfied Mr T likely received a copy of agreement B the day before he signed it, meaning he had time to review it. He also signed at the time a "pre-contractual Explanations Checklist" and one of the 'checks' was that the terms of the agreement had been explained to him.

Thinking about this, along with all of the other evidence, I think Mr T had sight of agreement B and likely reviewed it before he entered into the contract. Given the differences between agreement B and what Mr T explained he expected, I think it should've been clear to him that agreement B was not in line with what he says he thought would happen. Key here, he then entered into agreement B anyway.

This means the argument that any potential false statement of fact induced Mr T into entering into the agreement falls away, given I'm satisfied he would've then understood the correct terms of agreement B, and then decided to enter the contract anyway.

I want to explain to Mr T that I've carefully considered everything else he's said here. But, this doesn't change my opinion.

I gave both parties two weeks to respond with any further comments or evidence.

VWFS responded and said it accepted my findings. Mr T came back and said he didn't agree with what I'd said and made several points for me to consider.

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've carefully thought about what Mr T said in response to my provisional decision.

In summary, he said the dealer misrepresented the terms of agreement B to him. He said his testimony and actions had been consistent. He said he trusted what the dealer told him. And he said the word 'match' was ambiguous and had been consistently used by VWFS.

In relation to the above, I've very carefully thought about this. But I'm satisfied these points were all addressed in my provisional decision. So, I don't intend to repeat myself here, other than to say what Mr T said didn't change my opinions about these issues, which are set out above.

Mr T said he signed the agreement "*not because I accepted the terms, but because I trusted the process*" after being told the agreement could be altered. I've carefully thought about this. But, I still don't think it's likely he was told the terms could be changed. And, respectfully, I can't see an argument to be made that signing and agreeing to the terms of a contract in fact meant Mr T didn't accept the terms of the contract. So, this doesn't change my opinion.

Mr T explained he thought our service had downplayed the value of calls with the dealer which meant he then couldn't acquire evidence. But I don't agree this was the case.

I'd like to reassure Mr T and VWFS that I've carefully reviewed all of the other information about the complaint again along with everything else Mr T said in his response. Having done so, I still think the complaint should not be upheld for the reasons I explained in my provisional decision and set out above.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 4 September 2025.

John Bower
Ombudsman