DRN-5745716

## The complaint

Mr H complained that Volkswagen Financial Services (UK) Limited (VWFS), trading as Audi Financial Services (AFS), failed to adequately support him financially when he ended his finance agreement. He would like payments he made between January 2020 to October 2020 refunded.

## What happened

Mr H said that in January 2020 he contacted VWFS as he had unexpectedly lost his job. He wanted to know if he could end his contract and return his car as he wouldn't be able to afford repayments.

Mr H then became aware of a ruling from the Financial Conduct Authority (FCA) against VWFS for not supporting customers with financial difficulties. This reinforced his view that VWFS should refund the payments he made between January and October 2020 as he didn't feel he was treated in line with the obligations it was under.

VWFS felt it offered appropriate advice and information including offering to set up an affordable repayment plan to cover the cost of early termination of his agreement if that is what Mr H wanted. It said after providing this advice Mr H didn't come back to VWFS to pursue suggested options.

Mr H then raised a separate complaint in relation to a manufacturer recall. This led to VWFS allowing Mr H to return his car at no cost and receive a pro rata refund of his initial rental payments.

I issued a provisional decision in which I concluded:-

- I appreciated Mr H felt his situation was similar to one where he said the Financial Conduct Authority (FCA) took action against VWFS and fined it for not considering options such as forbearance. However that didn't automatically mean that Mr H's complaint should be upheld.
- Although Mr H gave us details of another decision by this service which he felt was similar to his I explained that we look at complaints individually. It might appear that one case is very similar to another but that isn't necessarily the case. So Mr H shouldn't assume that the outcome of his complaint would be identical to that of other complaints published on our website.
- It must have been very stressful for Mr H to suddenly lose his job. I think he acted responsibly in contacting VWFS to ask about ending his agreement as he didn't feel he would be able to meet the monthly payments.
- Although Mr H felt VWFS should have waived four months' worth of payments and insurance to help him as a long standing customer, I explained that whilst we expect to support customers with financial difficulties, this doesn't automatically mean we expect them to waive payments.

- The information VWFS provided in a telephone call with Mr H was appropriate. As a result of this call Mr H would have been aware if he wanted to go ahead and terminate his agreement a financial plan could be put in place to do so. This would be an affordable plan based on his income and expenditure.
- It wasn't unreasonable that VWFS couldn't give Mr H specific details as to what the repayments might be – it couldn't know that until it had completed an income and expenditure assessment. Had Mr H called back to progress this option that would have been the next stage.
- The adviser didn't discuss options for Mr H to keep his car and continue making payments, I thought this was largely down to Mr H saying he wanted to end his agreement.
- However I thought the adviser should have discussed possible financial options available to allow Mr H to keep the car so that he could consider these. The options might have been a short payment holiday until Mr H's situation was clearer or reduced payments for a short period.
- I didn't think what VWFS told Mr H was wrong but I thought it could have gone further and looked at financial options to allow him to retain his car – assuming of course that was an option Mr H wanted to explore..
- Having reached this conclusion I then considered the financial impact on Mr H.
- I didn't know if Mr H would have opted to make an arrangement with VWFS to retain his car , or what the outcome of any income and expenditure review would have been. I wouldn't have expected any arrangement VWFS offered to include writing off any payments at this stage. Mr H had not had any previous financial issues as far, as I am aware and it would have been impossible to predict at this point how long it might take for Mr H to get suitable alternative employment.
- Had Mr H gone back to VWFS and agreed a payment plan either to continue to keep the car or to pay off the termination payment it was more than likely he would still have had to pay the sums due on the contract but probably over a longer period of time.
- In the event Mr H was able to carry on making payments until VWFS allowed him to reject the car for reasons not connected with this specific complaint.
- Mr H has told us he had to rely on others to help him make the payments albeit he didn't evidence this, or other finance sources he may have had such as savings . I appreciated relying on support from others can't have been easy, but Mr H may have chosen to do this to avoid any adverse information on his credit file until his financial situation was clearer.
- Taking into account all of this information I thought not explaining options to retain his car had little , if any, financial impact on Mr H. I wouldn't have expected payments to be written off at this stage as Mr H seems to have expected. He was able to continue to make payments and acknowledging this might not have been easy, he may well have preferred to do this rather than come to an arrangement to pay that would have been reflected on this credit file.
- I didn't think it was VWFS responsibility to go back to Mr H after his initial call. From VWFS perspective Mr H hadn't had previous financial issues, and as he continued to make payments its systems wouldn't have flagged there was an issue.
- I couldn't reasonably ask VWFS to refund all the payments Mr H made between January 2020 and October 2020. Mr H was able to make these payments, if he hadn't been able to do the most likely outcome would have been a payment

arrangement where he would have paid the amounts owing but over a longer period of time.

- However I felt it would have helped Mr H considerably had VWFS explained options for him to retain his car.
- Mr H told us at some point he received a £100 payment from VWFS. He wasn't clear what this was for. We asked VWFS to clarify this to see if this payment should be taking into account in looking at any appropriate redress for Mr H. Unfortunately by the time I issued my provisional decision VWFS hadn't responded to us . In the absence of any explanation I felt it was likely this was a generic payment made to customers who may have been affected by the FCA ruling Mr H referred to .
- Despite this payment having been made I thought it was appropriate for VWFS to pay Mr H £150 for not having explained to him financial options to allow him to retain his car which I thought it should have done. Whilst Mr H may not have taken advantage of any such options he should have been made aware.

**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.

VWFS accepted my provisional decision and made no further comments for me to respond to.

Mr H appreciated that I acknowledged VWFS could have done more to support him iby offering more options to him.

However he didn't agree with my assessment that the financial impact on him was low.
I have considered the points Mr H has raised. I do appreciate losing his job unexpectedly must have been very stressful. Also that until his employment situation was resolved, he had ongoing direct debit payments to make and travel and associated costs in finding employment.

However as I stated in my provisional decision whilst we expect businesses to support customers with financial difficulties that doesn't mean we expect them to write off payments. It's not VWFS responsibility to help Mr H with his overall financial situation , its responsibility is to help him manage , in a responsible way, his payments due under his agreement with VWFS.

Given Mr H had no previous financial difficulties and can't have known how long it would take to resolve his employment situation I think the most I could reasonably have expected VWFS to do was to agree a reduced payment plan for an initial period. This would have required an income and assessment form to be completed which would have taken into account factors such as direct debits that Mr H has mentioned.

VWFS did offer this – albeit in terms of paying off his loan rather than keeping his car – but this would have been dependent on Mr H completing an income and assessment form . Mr H didn't contact VWFS to pursue this. And of course Mr H was able to continue to make the payments until he was able to reject his car for reasons not connected with this complaint.

As I don't feel Mr H has given me any new information I see no reason to alter what I provisionally concluded which was that VWFS should pay Mr H £150 compensation as it didn't explain the range of options available to him to allow him to retain his car.

## My final decision

My final  decision is that I uphold this complaint.

In order to settle this complaint Volkswagen Financial Services (UK) Limited , trading as Audi Financial Services, should pay Mr H £150 compensation for not  advising him of option to retain his car

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 September 2025.

Bridget Makins
**Ombudsman**