

The complaint

Mr B complains about the balance owed under a hire purchase agreement taken out with Volkswagen Financial Services (UK) Limited trading as Audi Financial Services.

What happened

In December 2020, Mr B took out a hire purchase agreement with Audi to get a used car with a cash price of about £34,000. After making an advance payment, Mr B was scheduled to make monthly repayments of around £500 over a four year period. At the end of that term, Mr B could choose to pay off the balance of the agreement in one lump sum and keep the car.

About three years later, Mr B decided to sell the car. He says he approached a dealer, who agreed to buy the vehicle and forward the funds to Audi to settle the hire purchase agreement. However, Mr B says Audi continued to ask him for repayments and he discovered that the dealer hadn't settled the finance. Furthermore, Mr B says the dealer had sold the car and had since closed their business.

To try and sort things out, Mr B contacted the police to get his money or the car back. Meanwhile, Audi continued to ask Mr B to settle the balance of the finance. Mr B didn't think this was fair, so he complained and said he'd been the victim of fraud by the dealer.

In their final response to Mr B's complaint, Audi acknowledged the position Mr B found himself in. But, they said they were not responsible for the dealer Mr B had sold the car to. So, they continued to hold Mr B responsible for the repayments of the finance. Mr B didn't accept Audi's response and brought his complaint to this service.

One of our investigators looked into Mr B's complaint and found that Audi had treated Mr B fairly. He said the dealer Mr B had used, wasn't connected to the finance agreement or the sale of the car, when Mr B acquired it in 2020. So, the investigator couldn't require Audi to take responsibility for the dealer, who chose not to settle the agreement. So, the investigator found it was fair for Audi to hold Mr B responsible for the balance due under the hire purchase agreement.

Mr B didn't agree with the investigator's conclusions and said Audi could have done more to prevent the car from being sold by the dealer. He also said the police investigation into the dealer was ongoing.

The investigator didn't change his findings and Mr B's complaint has now been passed to me to make a final decision.

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 want to acknowledge where I've summarised the events of Mr B's complaint. I don't intend

any discourtesy by this, as it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But, I want to assure Mr B and Audi that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Mr B's case is about a hire purchase agreement with Audi. This is a regulated financial product. As such, we are able to consider complaints about it.

The crux of Mr B's complaint is that the dealer he sold the car to, hasn't passed on the proceeds of the sale to Audi. Mr B says he has done all he can to settle the finance with Audi, and would like them to waive or write off the outstanding balance.

I've carefully considered Audi's records of the parties involved, when Mr B acquired the car in 2020. Having done so, I cannot see that the dealer at the centre of this complaint, was involved in the sale. Indeed, Mr B has explained that he approached the dealer as a third party, because he was looking to ease his financial circumstances. With this in mind, I don't think Audi and the dealer are connected in such a way that Mr B can hold Audi responsible for the dealer's actions.

Additionally, I've looked at the terms and conditions of Mr B's hire purchase agreement with Audi and I can see that they cover what Mr B should do if he wanted to sell the car. So, I think Audi have treated Mr B fairly, by explaining the correct process of settling the borrowing when selling the vehicle.

I accept that Mr B placed his trust in the dealer and had no reason to doubt that the dealer wouldn't settle the finance agreement with Audi. While I recognise that it won't bring Mr B any satisfaction, it seems that the agreement remains unsettled, because of the arrangement Mr B made with the dealer, that subsequently went wrong.

Having considered all the evidence, I'm not persuaded that Audi were responsible for the actions of the dealer who Mr B approached about the sale of the car. I can see that Audi have since taken some positive steps, by writing to the party that now has the car. They have also said they will work with the police as part of the criminal investigation Mr B has told us about.

Overall though, I don't think Audi are acting unfairly by deciding not to waive or write off the amount owed by Mr B. It then follows that I think it's fair and reasonable for Audi to reach the conclusion, to hold Mr B responsible for the repayments due under the hire purchase agreement.

That said, I do empathise with Mr B's circumstances and recognise my findings mean a balance remains owed by him to Audi. In this instance, I remind Audi of their responsibility to treat Mr B's current financial circumstances with due consideration and forbearance. This will mean working with Mr B to make sure he is able to make affordable repayments to any outstanding debt, if he's unable to make a lump sum payment.

I'm also aware that under the hire purchase agreement, the car remains Audi's asset. So, I think it's reasonable they would want to locate it. Therefore, I further remind Audi to treat Mr B fairly in his efforts to recover the car. This may mean working with the police.

Finally, I can see that Mr B has raised concerns about Audi's administration of the hire purchase agreement, when he first took it out. This matter has yet to be considered by Audi. So, to be clear, I make no finding about the start of the agreement in this decision.

My final decision

My final decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 January 2026.

Sam Wedderburn
Ombudsman