

## **The complaint**

Miss D complains about the way Toyota Financial Services (UK) PLC ('TFS') treated her when she fell into difficulties paying a hire purchase agreement.

## **What happened**

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimal formality.

Miss D acquired a used car under a hire purchase agreement with TFS in September 2023. The cash price of the car was £17,700 and Miss D was required to make 60 monthly payments for £344.32.

In January 2025 Miss D got in touch with TFS and explained her financial situation had changed and requested a reduction in her monthly instalments as well as an extension of the term of the agreement. TFS looked into things and partially upheld the complaint. It apologised for the lack of response Miss D received when she contacted it in January 2025, it also said it could've dealt with matters with more empathy and so offered £100 compensation. However, it didn't think it acted unfairly in denying Miss D's request to reduce her monthly repayments.

Our Investigator looked into things and also didn't uphold the complaint. In short, he said he considered VFS' actions, and he thought it treated Miss D fairly and gave due consideration to the change in Miss D's financial and personal circumstances.

As an agreement couldn't be reached the complaint has been passed to me to decide.

## **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.

Having done so, I've reached the same overall conclusions as the Investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it affected what I think is the right outcome.

This reflects the nature of our service as an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't, I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

The finance agreement in this case is a regulated hire purchase agreement so our Service is able to consider complaints relating to it.

I'm sorry to hear about both the personal and financial difficulties Miss D has described to this Service, I understand this has been an extremely difficult time for her.

What I need to decide in this case is whether TFS acted fairly once Miss D notified it about

her financial difficulties. If I don't think it has, I'll need to think what's fair, if anything, to put things right.

Miss D told TFS in January 2025 that her financial position had changed but at that point TFS didn't respond as promptly as it could've. It did contact Miss D several times in February 2025, when it failed to reach Miss D over the phone it sent an income and expenditure form via email which was followed up in a later call. It was established that Miss D had no disposable income and there was no indication as to when this may change and so no alternative regarding a reduced payment was explored. Instead TFS explored exit options, it explained Miss D could voluntarily terminate the agreement, sell the vehicle via the dealership or privately. Miss D's liabilities were also discussed.

TFS attempted further contact but couldn't reach Miss D, so it took the decision to apply a 30-day breathing space to Miss D's agreement. The Financial Conduct Authority ("FCA") sets out the rules and guidance a lender must follow where its customer is in financial difficulty. The rules and guidance are applicable to customers whose accounts fall into arrears and vulnerable customers. In this case, Miss D's account had fallen into arrears, and she had failed to make the repayments owed under the agreement.

Miss D has said she would like to make lower monthly repayments and for the term of her agreement to be extended. I understand why Miss D wishes to do this given her circumstances, but this isn't something TFS is obliged to offer.

The agreement can be settled early, which is explained in the hire purchase agreement and is set out in the Consumer Credit Act 1974. If Miss D chooses this option, it would mean TFS would apply a rebate for some of the future interest and charges. Miss D is also entitled to make a partial payment or a full repayment. If she chooses a full early settlement, she will need to pay the whole amount immediately. If she chooses to make a partial lump sum payment, this may reduce the remaining monthly repayments.

The terms of the hire purchase agreement also allow Miss D to exit it early through the process of voluntary termination. This is a right which is set out in section 99 and 100 of The

Consumer Credit Act 1974. Miss D's agreement states:

*'You have the right to end this Agreement. To do so, you should write to the person you make your payments to. They will then be entitled to return the Goods and to half the total amount payable under this agreement that is £10,799.41. If you have already paid at least this amount plus any overdue instalments and have taken reasonable care of the Goods, you will not have to pay more.'*

So, whilst the right to voluntarily terminate the hire purchase agreement can be exercised at any time during the agreement, Miss D must repay half the total amount payable under the agreement to VFS. In this case that would leave Miss D with an outstanding balance as Miss D is only around two years into her agreement. VFS has also said that Miss D can sell the car privately and I can see Miss D has explored this option, but this would also leave her with a shortfall.

Miss D may also be able to voluntarily surrender the car. This would involve TFS taking the car back and selling the car at auction. The sale proceeds would then be deducted from the total amount payable, and Miss D would be liable for the remaining amount. Due to the unpredictability of auctions, I appreciate Miss D may not wish to do this as the sale proceeds may be significantly less than she has been offered by selling the vehicle privately. TFS also offered two 30-day breathing spaces to Miss D to see if her financial circumstances may improve and she may want to keep the car.

Having considered the options that TFS have provided, I'm satisfied that TFS has fairly provided Miss D with the appropriate options available to her to exit the agreement and alternatively to provide breathing space. It has also said it would be happy to arrange an affordable repayment plan with Miss D should she choose to exercise her right to voluntary termination or should she sell the car privately. It isn't required to do this when these options are exercised but given the circumstances, I think this offer is appropriate and I consider that TFS is acting with forbearance and due consideration. I can see TFS also provided Miss D with independent debt charity details. It also paid £100 compensation to reflect the initial delay in responding to Miss D's query.

Overall, I'm satisfied that the options provided by TFS to Miss D are fair and reasonable in all the circumstances and so it follows that I don't think TFS needs to do anything further.

### **My final decision**

My final decision is that I don't uphold Miss D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 6 November 2025.

Rajvinder Pnaiser  
**Ombudsman**