

The complaint

Mr T complains that a fixed sum loan agreement was mis-sold to him by RRG Group Limited, trading as RRG Toyota. His wife is also involved in his complaint.

What happened

Mr T traded in a car that he'd financed for a replacement car in January 2024 and he understood that he'd entered into a finance agreement with a monthly payment of £306.05 to pay for the replacement car. He says that he traded in the replacement car for a smaller car in November 2024 and was told that he had an outstanding personal loan for nearly £3,000 which hadn't been explained and was mis-sold to him.

Mr T says that he was told by RRG Toyota that the monthly payment for the smaller car would be £319, to which he agreed, and he was told to "*sign here, here and here*" on a tablet. He says that at no point was he advised that any negative equity would be a personal loan and that he was absolutely stunned and shocked when he was told that he then had two outstanding personal loans. The documents on the tablet that Mr T had electronically signed were a hire purchase agreement and a fixed sum loan agreement. The hire purchase agreement showed that the price of the car was £17,790, Mr T had paid a deposit of £500 and he'd agreed to make 48 monthly payments of £284.94 and a final payment of £7,879.50 to the finance company. The loan agreement said that the lender was lending £1,429.82 to Mr T to pay for "*negative equity*" and that Mr T had agreed to repay the loan by 48 monthly payments of £35.03. The payments each month under the hire purchase agreement and the loan agreement totalled £319.97, so the same amount as Mr T says that he'd been told that he'd be paying.

Mr T complained to RRG Toyota in November 2024 and it arranged a meeting with Mr T and his wife to explain the situation. Mr T then complained to this service in January 2025 and said that he'd like the loan to be written-off. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He didn't think RRG Toyota mis-sold the loan agreement to Mr T and he said that RRG Toyota wouldn't be expected to incorporate the outstanding balance from the January 2024 loan agreement into the November 2024 loan agreement.

Mr T didn't accept the investigator's recommendation and his wife says that he wants an ombudsman to review his complaint. She says that the documents were given to them on a tablet but Mr T was just told to "*sign here, here and here*" and they weren't told that a personal loan was being taken out. She also says that they feel that their side hasn't been taken into consideration and that Mr T was duped into signing for the loan which they were categorically never informed about. Mr T's wife has asked that I listen to her call from last week with the investigator.

Mr T has also complained to the dealer with whom he traded in the car for the replacement car in January 2024 and he's also made a complaint to this service. That complaint is being dealt with separately.

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.

Mr T approached RRG Toyota to trade in the replacement car for a smaller car in November 2024. He says that he was told by RRG Toyota that the monthly payment for the smaller car would be £319, to which he agreed, and he was told to "*sign here, here and here*" on a tablet.

RRG Toyota says that Mr T answered verification questions on the portal that it uses to activate the signature and that he electronically signed both the hire purchase agreement and the loan agreement in November 2024. I've seen no evidence to show that RRG Toyota did explain to Mr T that he would be signing a hire purchase agreement and a loan agreement but I consider that it would be reasonable to expect Mr T to ensure that he understood what he was being asked to sign, even if he was only adding his signature on a tablet. I consider that that would include reading the documents on the tablet (or asking for paper copies of them) to check that the documents correctly recorded the deal that he'd agreed with RRG Toyota. Mr T accepts that he agreed to make a monthly payment of £319 for the smaller car, but the monthly payment under the hire purchase agreement was £284.94, so more than £34 less than he was expecting to pay. I consider that it would be reasonable to expect him to have noticed that difference and to have asked RRG Toyota about it.

The documents that he electronically signed also included a loan agreement with a monthly payment of £35.03 and said that the loan was to pay for "*negative equity*" of £1,429.82. RRG Toyota says that Mr T provided it with a settlement figure for the January 2024 hire purchase agreement of £12,039.82. It has provided a copy of the vehicle quotation that was addressed to Mr T and says that the price to change the car was £19,719.82. That included a total on the road price for the smaller car of £17,790, a part exchange allowance of £10,110 and the finance settlement of £12,039.82. It showed that the net value of the replacement car that was being traded in was a deficit of £1,929.82. A dealer contribution reduced that by £500 so the "*negative equity*" was £1,429.82, which is the amount of the loan.

The vehicle quotation also said: "*£285.80 x 48 + GFV £7,897.50 £34.05 x 48 personal loan ... total payment £319.85*". Those numbers did change before the agreements were signed but the vehicle quotation clearly referred to a personal loan. Mr T provided the settlement figure to RRG Toyota but hasn't provided any evidence to show that he'd paid that amount by other means and I consider that he ought to have been aware that it hadn't been included in the hire purchase agreement. The hire purchase agreement was to pay for the smaller car and I consider that RRG Toyota acted correctly in dealing with the outstanding settlement amount in a separate loan agreement. Although it's clear that Mr T and his wife weren't aware that Mr T had entered into a loan agreement, Mr T did electronically sign the loan agreement and, if he'd read the documents that he was signing, he would have known that he was also signing the loan agreement.

Mr T wasn't aware of the January 2024 loan agreement in November 2024 so he wouldn't have raised it with RRG Toyota and there was no reason for RRG Toyota to have been aware of that loan at that time. I'm not persuaded that RRG Toyota should have arranged with the finance provider for the outstanding balance of the January 2024 loan to be

consolidated with the loan that was being made to Mr T in November 2024 or that it acted incorrectly in arranging the November 2024 loan for Mr T.

Mr T's wife says that they feel that their side hasn't been taken into consideration and she's described her complaint in a call with the investigator from last week. I've listened to a recording of that call but I'm not persuaded that there's enough evidence to show that the loan agreement was mis-sold to Mr T. Mr T says in his complaint form that he now has two personal loans and that he and his wife are really worried about them as it's always going to be a struggle to afford them. If Mr T isn't able to afford the loans, I suggest he contacts the finance provider and discusses his financial situation with it. The finance provider is required to respond to any financial difficulties that Mr T is experiencing positively and sympathetically.

I appreciate that my decision will be disappointing for Mr T and his wife, but I find that it wouldn't be fair or reasonable in these circumstances for me to require RRG Toyota to arrange for the outstanding amount of the loan to be written-off or reduced, to pay Mr T any compensation or to take any other action in response to his complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 October 2025.

Jarrold Hastings
Ombudsman