

The complaint

Mrs M complains that Lookers Motor Group Limited incorrectly handled the refinancing of a Personal Contract Purchase (PCP) hire agreement, leading to her incurring additional costs and causing her much distress and inconvenience.

What happened

In 2021 Mrs M was provided with a PCP hire agreement by a company (who I'll refer to as 'K' throughout this decision). In late 2024 Mrs M's 36 month term was due to end with a final balloon payment payable.

Mrs M engaged with Lookers Motor Group to understand her options and was told she could refinance the agreement to spread the balloon payment across a new term, in order to make the payment manageable.

There appears to have been an error in how Lookers Motor Group looked to finance the balloon payment; as it provided K with details which led to a new finance agreement being provided. Ultimately this new agreement was reworked and cancelled, and K reinstated and refinanced the original agreement, which Mrs M settled early.

Mrs M complained to Lookers Motor Group and K in late November 2024 about the issues she'd experienced. She said the events which had taken place across a number of months had put her to much distress and inconvenience. She disputed the final payment that she reluctantly made to settle the agreement to have ever been contractually due, and that Lookers Motor Group had taken the action it did to maximise its commission and fees.

Lookers Motor Group set out within its final response that an admin fee was correctly applied to the refinanced balloon payment; and that a fuel charge was fairly applied. It said initial concerns with the refinance were due to an administrative error, and that there was no evidence to suggest the dealership misrepresented the refinancing process to maximise commission and fees.

Unhappy with Lookers Motor Group's response Mrs M referred her complaint to our service.

One of our investigators considered this complaint alongside the complaints Mrs M had also referred to us about K, which detailed issues coming about from the same events. In relation to this complaint, he upheld it and concluded Lookers Motor Group should pay Mrs M £400 for the distress and inconvenience caused by the situation.

Lookers Motor Group didn't respond to our investigator's view; Mrs M responded and disagreed. In summary, she maintained her arguments that the errors caused by Lookers Motor Group led to much distress and inconvenience across a considerable number of months. Mrs M wanted to know whether Lookers Motor Group would be directed to review its procedures and training for staff to ensure other customers didn't experience the same issues. And she felt a higher level of payment was reasonably warranted in the individual circumstances of her case.

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

My decision here solely considers the actions of Lookers Motor Group; I'm not commenting on the other complaints that have been resolved by our service about K.

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.

The information in this case is well known to Mrs M and Lookers Motor Group, so I don't intend to repeat it in detail here. While my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me; but I've focused my findings on what I consider to be the key points. I don't mean to be discourteous to Mrs M or Lookers Motor Group by taking this approach, but this simply reflects the informal nature of our service.

Initially I'll set out that there does appear to have been confusion and errors made in how Lookers Motor Group looked to refinance Mrs M's balloon payment. This has been acknowledged within its final response and has ultimately been resolved by way of K unwinding and cancelling the new agreement that had been put in place; and reinstating the original agreement under new terms.

But Mrs M maintains that she needed to make an additional payment of around £1,400 which she considered a fee to settle the agreement, and that this was unfairly added as part of the refinancing.

As our investigator set out, it does appear that there was an administrative fee added to the new agreement; but as this agreement was unwound and cancelled, this fee was never incurred by Mrs M. So, there doesn't appear to have been a loss here.

Mrs M did make an additional payment of around £1,400 to settle the refinanced agreement early, which was additional to the value she'd been told by K was needed to settle the agreement. Having reviewed the details, I'm in agreement with our investigator's conclusions that this discrepancy appears to relate to a difference in how Lookers Motor Group priced the car within the agreement against the guaranteed future value. So, this additional payment would always have been payable by Mrs M. As such, I can't agree that she's suffered a loss here.

Mrs M has also made reference to a £25 fee for fuel which was added to the refinance paperwork. Lookers Motor Group has said Mrs M's car was provided with this fuel and therefore it was reasonably chargeable. Mrs M has said she didn't take her car to the dealership, and that she didn't receive this fuel.

The testimony I've been provided persuades me that on balance, it more likely than not this fuel wasn't provided. So, I've taken this into account as part of my redress direction below.

Mrs M has said she increased a credit card limit in order to settle this agreement early, and as a result is paying interest to a credit card provider, which has caused her a financial loss. While I acknowledge the reasons Mrs M appears to have decided to take this action, I don't find that I can reasonably conclude Lookers Finance Group should compensate Mrs M for this action. Ultimately it was Mrs M's decision to take this step, rather than continue with the refinanced agreement to repay the balloon payment on an ongoing monthly basis under new payment terms.

Mrs M's testimony also sets out that due to her profession she was looking to have in place a resolution for this situation by the Summer of 2024. However, as events unfolded this led into Autumn 2024 which led to her needing to take unpaid leave from work to resolve the situation. She's also said the ongoing situation caused much distress and inconvenience.

I don't doubt Mrs M's testimony here. It's clear that the problems she encountered and remedial work that needed to be completed did cause significant inconvenience to her; and I accept her testimony that as this went on for a number of months it caused considerable distress, upset and worry.

Overall, it's clear to me that Lookers Motor Group should have better handled this situation, and it didn't provide Mrs M with a level of service she ought reasonably to have expected.

Our investigator recommended Lookers Motor Group pay Mrs M £400 for the distress and inconvenience caused. Mrs M disagreed, suggesting the payment should be higher considering the distress and inconvenience caused.

I've carefully considered Mrs M's testimony, as well as our published guidelines on distress and inconvenience awards. Having done so, I consider our investigator's recommendation of £400 to be fair and reasonable in the circumstances.

I say this because:

- There have been multiple errors which took place across a number of months.
- The problems experienced and the overall process took a considerable amount of time and effort on Mrs M's part, which caused significant inconvenience and considerable distress, upset and worry.
- The issues with the agreements were ultimately resolved, and while there was still a dispute about the remaining payment due, as I've found above this was always contractually payable.
- Once Mrs M made a complaint Lookers Motor Group issued a final response within its eight week regulatory obligations, and provided referral rights to our service.

I note Mrs M has made reference to Lookers Motor Group being directed to change its practices and for additional training to be provided to the particular dealership involved in the details of this case. As our investigator set out, our service is in place to deal with individual disputes about individual complaints. We aren't the regulator of the industry (the Financial Conduct Authority regulates most financial businesses), and as such we have no remit to police or fine businesses for its operating practices.

I acknowledge my decision here will likely be disappointing for Mrs M. My findings are in no way intended to downplay the considerable distress, upset and worry as well as the significant inconvenience she's told us this situation has caused across many months. But having reviewed the evidence available, and our published awards for distress and inconvenience, I'm satisfied a payment of £400 is fair in resolution of this complaint.

Putting things right

For the reasons set out above I'm satisfied Lookers Motor Group should pay Mrs M £400 to fairly resolve this complaint.

My final decision

My final decision is that I uphold this complaint and direct Lookers Motor Group Limited to pay Mrs M £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 24 December 2025.

Richard Turner
Ombudsman