DRN-5802667

The complaint

Mr C is unhappy with the compensation offered by Oodle Financial Services Limited trading as Oodle Car Finance after they allowed him to reject a van they'd supplied to him under a hire purchase agreement.

What happened

In December 2024, Mr C was supplied with a used van through a hire purchase agreement with Oodle. The agreement was for £12,266.99 (which included £714.99 for a warranty) over 60 months; with an initial payment of £406.97, 58 payments of £356.97, and a final payment of £406.97.

Mr C had a number of problems with the van, and he complained to Oodle in March 2025. The van was independently inspected and, following this, Oodle agreed it had not been of a satisfactory quality when it was supplied. So, they agreed that Mr C could reject the van, collecting it from him on 15 May 2025. Oodle also offered to refund the payments Mr C had paid, less a fair usage charge of £424.75, and pay Mr C an additional £200 for the distress and inconvenience he'd been caused.

Mr C wasn't happy with the compensation offered by Oodle, as he didn't think this took into consideration all his losses, including his loss of earnings. Oodle said that, when Mr C brought the matter to them on 17 March 2025, he didn't advise them of his work situation, and had he done so, they would've arranged for a courtesy vehicle. Oodle said that Mr C didn't raise this until after the van had been collected, by which time they would've expected him to have made alternative arrangements.

Mr C wasn't happy with what'd happened, and he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator thought Oodle's offer was fair and reasonable in the circumstances and didn't think this should be increased. The investigator also didn't think Oodle were responsible for the fuel costs Mr C incurred when he had to fill up the van on the day it was supplied to him, and with regard to the £214 Mr C said he had been fined by the DVLA, Mr C would need to evidence this, and that he wasn't liable for the fine, before Oodle's responsibility could be considered.

Mr C didn't agree with the investigator's opinion. He provided evidence of the insurance costs he incurred when the van had been returned to Oodle, and evidence of the days he wasn't able to work as he didn't have access to a vehicle. He said that Oodle's actions had damaged his credit score, so he's now only being offered finance at around 40% APR, which has also impacted his ability to work.

Mr C also said that he was forced to take additional lines of credit as a result of what had happened, which has been both a financial and mental strain on him, with the entire situation causing him anxiety, sleepless nights, and daily stress. So, he would like the compensation increased to account for all of this.

Because Mr C didn't agree with the investigator's opinion, this matter 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.

broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr C was supplied with a van under a hire purchase agreement. Based on the evidence I've seen, I'm satisfied Mr C entered into this contract predominantly for business purposes. As the amount of credit provided was under £25,000, I'm satisfied the agreement was regulated, which means we are able to investigate complaints about it.

As I'm satisfied Mr C entered into the agreement predominantly for business purposes, he wasn't acting as a consumer. So, the Consumer Rights Act 2015 ('CRA') doesn't apply here. Instead, the Sale of Goods Act 1979 ('SGA') is relevant to this complaint. Similar to the CRA, the SGA implies a term into the contract that the van Oodle supplied to Mr C should have been of a satisfactory quality. And, if it wasn't, Oodle must do something to put things right.

In this instance, it's not disputed there was a problem with the van supplied to Mr C, nor that this made it of an unsatisfactory quality when it was supplied. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what, if anything, I think Oodle should do to put things right.

Mr C was supplied with the van on 11 December 2024, and it was collected by Oodle on 15 May 2025. During this period, Mr C travelled around 1,700 miles in the van. Because of this, I think it's only fair that he pays for this usage. Based on the testimony Mr C has provided, he was without use of the van on 30 December 2024, on 3 and 4 January 2025, and between 8 and 11 January 2025. This was around a week of Mr C not having the van available to use.

As Mr C was paying for a vehicle he wasn't able to use, I would usually expect Oodle to refund the payments Mr C made during this period i.e. refund him one quarter of one monthly payment made, to account for the week he didn't have use of the van. However, Oodle have refunded all the payments Mr C made, less an amount for fair usage. So, they've refunded £1,758.10 – approximately five monthly payments. I'm satisfied this is reasonable in the circumstances and is more than I would've directed had no offer been made. I also think this reasonably compensates Mr C for any other times he was unable to use the van due to the faults, but it wasn't back with the dealership for investigation and/or repair.

Mr C also feels he should be refunded the cost of insuring the van, and for cancelling that insurance. However, I don't agree these costs should be refunded, and I'll explain why.

While the van has been in Mr C's possession, it's been driven on the road. It's a legal requirement that a motor vehicle is both taxed and insured. This is needed whether the vehicle is being driven or not. The insurance covers the vehicle for risks not associated with being driven, i.e., fire, theft, and third-party damage, so Mr C was still benefitting from the insurance payments, whether he was driving the van or not.

Once the van was returned to Oodle, Mr C cancelled the policy and incurred cancellation costs of £75. However, I've seen that this was waived by the insurance company as a gesture of goodwill. Mr C is still being charged £106.45 by the insurance company, but the breakdown he's supplied shows this is the difference between the £329.83 cost of insuring the van up to the point of cancellation, less the £223.04 Mr C had paid in premiums. This amount is, therefore, not directly payable as a result of the faults with the van and the rejection allowed by Oodle.

As, for the reasons stated above, I'm satisfied that Mr C is responsible for the cost of insuring the van while it was in his possession; I won't be asking Oodle to pay the £106.45 difference between the cost of insurance and what Mr C has paid.

Turning now to the loss of earnings Mr C believes Oodle should compensate him for. He's said that he was a self-employed contractor and has lost work due to not having a reliable vehicle. And, due to the nature of his work providing immediate labour to cover factory breakdowns, he wasn't able to rebook work when he was unable to attend.

Mr C has provided evidence of the days he was unable to work between March and May 2025, and has asked Oodle to cover the cost of this lost work. He's also provided copies of his business bank statements which show when he was, and wasn't, paid for work. However, the bank statements are in the name of a limited company, and a check with Companies House shows Mr C is the sole director of that company. It also shows that the company is engaged in the work Mr C says he does.

Mr C is a separate legal entity to the limited company, and, as a director of that company, he's not self-employed – he works for, and is paid by, the limited company. While I appreciate this is a technical difference, it's an important difference when taking any compensation into consideration. I say this because Mr C hasn't lost any earnings due to the van supplied by Oodle, it's the limited company that have lost work. And this has affected the ability of the limited company to pay its employee – Mr C.

When considering compensation, I'm considering how the actions of a financial business has affected its customer. And the limited company isn't Oodle's customer, Mr C is. Therefore, I'm unable to consider any impact on the limited company. I'm also unable to consider any impact on Mr C that stems from the limited company not being able to pay him.

For completeness, had the agreement been in the name of the limited company, it would not have been a regulated credit agreement, and we wouldn't have been able to consider any complaints about it. So, and while I appreciate this will come as a disappointment to Mr C, for the reasons given I won't be asking Oodle to compensate him for any loss of earnings.

Mr C has also said that the cost of financing a new van is more expensive than it was with Oodle, referring to an APR in the region of 40% compared to the 28% Oodle were charging him. Different lenders have different lending criteria and will charge different interest rates dependent upon what they consider are the risk factors involved. Mr C hasn't provided any evidence to show that he is being charged a higher interest rate solely because of something Oodle have done, and it wouldn't be fair for me to assume that was the case without any evidence. As such, I don't think Oodle are responsible for what another lender is charging.

Finally, I think Mr C should be compensated for the distress and inconvenience he was caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

Oodle have already paid Mr C £200 to recognise the distress and inconvenience he was caused by being supplied with a van that wasn't of a satisfactory quality. Mr C has said this should be more, and has referred to the impact the loss of work has had on his financial and mental state to support why he believes this amount should be increased. But, as I've already said, it was the limited company that suffered the loss of work, not Mr C. While this may have impacted the limited company's ability to pay Mr C, as the limited company are not Oodle's customer, Oodle aren't responsible for this.

As such, I think the £200 paid by Oodle is sufficient to compensate the direct impact on Mr C by having to arrange for the van to be repaired, and by these repairs being unsuccessful. So, it's a fair offer that falls in line with our service's approach and what I would've directed, had it not already been put forward. And I won't be asking Oodle to increase this offer.

My final decision

For the reasons explained, I don't uphold Mr C's complaint about Oodle Financial Services Limited trading as Oodle Car Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 October 2025.

Andrew Burford
Ombudsman