

The complaint

Miss B complains about Volkswagen Financial Services (UK) Limited's response to her financial difficulties in relation to a hire purchase agreement under which a car was supplied to her.

What happened

A new car was supplied to Miss B under a hire purchase agreement with Volkswagen Finance that she signed in June 2015. The price of the car was £16,830, Miss B made an advance payment of £168.15 and agreed to make 47 monthly payments of £293.49 and a final payment of £5,310 to Volkswagen Finance. She didn't make all of those payments so her account went into arrears. The hire purchase agreement was voluntarily terminated in January 2017 and the car was collected from Miss B.

A county court judgment was obtained by Volkswagen Finance in January 2019 which ordered Miss B to pay it the debt of £6,792.79 and costs of £585. Miss B complained to Volkswagen Finance in November 2024 following a press release from the Financial Conduct Authority regarding the mistreatment of customers repaying their finance. It said that it hadn't made an error in the handling of her arrears so was unable to remove the judgment as it was factually correct and her arrears would still stand. It said that it could see Miss B had an arrangement to pay £10 each month towards the arrears through its debt collection agent.

Miss B wasn't satisfied with its response so complained to this service in December 2024. Volkswagen Finance made a goodwill payment of £100 to Miss B in January 2025 because an internal review had found that it could have taken further steps to support some customers who had been in arrears. Miss B's complaint was then looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He thought that Volkswagen Finance had treated Miss B fairly throughout their credit relationship.

Miss B didn't accept the investigator's recommendation and has asked for her complaint to be escalated to an ombudsman for a decision. She says that she believes that the fair and reasonable resolution is for the remaining debt to be written off. She says, in summary, that Volkswagen Finance was aware of her vulnerability, her credit rating has been greatly impacted, it didn't provide her with clear and impartial guidance, the measures taken didn't address the underlying difficulty, Volkswagen Finance placed her in an unfair relationship, and a wider pattern of misconduct by Volkswagen Finance has been demonstrated, so her case should be viewed in the context of this established regulatory finding. She's also provided a copy of the county court judgment.

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.

Miss B had signed the hire purchase agreement and had agreed to make 47 monthly

payments of £293.49 to Volkswagen Finance for a car to be supplied to her. She has described the financial difficulties that she experienced and which caused her account to go into arrears. The hire purchase agreement was voluntarily terminated in January 2017 and the car was collected from Miss B. Volkswagen Finance says that it became aware that Miss B was having issues with her mental health in August 2017 when it was advised of them by its debt collection agent.

Volkswagen Finance obtained a county court judgment in January 2019 which ordered Miss B to pay it the debt of £6,792.79 and costs of £585. Miss B would have had an opportunity to present any arguments to the court about the debt and her circumstances to try to persuade it not to issue the judgment. As the judgment was issued, I have to assume that the court concluded that Miss B was liable for the debt and it wouldn't now be appropriate for me to consider the events that took place before the judgment was made. I can however look at what's happened since then.

Miss B says that Volkswagen Finance has been subject to Financial Conduct Authority enforcement action for negligence and unfair treatment of customers in similar circumstances and that the Financial Conduct Authority has stated:

"Volkswagen Finance will continue to contact affected customers with details of its redress scheme. Customers do not need to take action before that happens. However, if customers have any questions, would like further information, or their contact details have changed, they should contact Volkswagen Finance using the details provided on its website. This enforcement case was opened following the FCA's supervisory work."

Volkswagen Finance wrote to Miss B in January 2025 and said:

"We've recently looked at how we have previously supported customers who contacted us about repayment difficulties or have missed payments in relation to motor finance products. As part of our review, we found that we could have taken further steps to support some customers who have been in arrears and spoke to us about their contract. Whilst we have not specifically reviewed our interactions with all customers, our findings show that we may not have provided you with a service that merits the standards we aim to deliver ... We are deeply sorry if the service we provided to you whilst you were in arrears did not meet your expectations and to make amends for any unnecessary inconvenience we are making a goodwill payment to you of £100".

Since the judgment, Volkswagen Finance says that Miss B has an arrangement to pay £10 each month towards the arrears through its debt collection agent. I'm not persuaded that there's enough evidence to show that Volkswagen Finance has acted incorrectly in connection with those payments. I've also considered whether Volkswagen Finance has acted unfairly or unreasonably, including whether its relationship with Miss B might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

Volkswagen Finance is required to report true and accurate information about Miss B's payments under the hire purchase agreement to the credit reference agencies. I've seen no evidence to show that the information that it's reported to the credit reference agencies isn't true and accurate. Volkswagen Finance obtained a county court judgment which ordered Miss B to pay the debt of £6,792.79 and costs of £585 and that will have been recorded, with other information about the hire purchase agreement, on Miss B's credit file.

It's clear that Miss B feels strongly that she's not been treated fairly, so I appreciate that my decision will be disappointing for her. I've carefully considered all that Miss B has said and provided about her complaint, but I'm not persuaded that there's enough evidence to show that Volkswagen Finance has treated her unfairly or unreasonably. I find that it wouldn't be fair or reasonable in these circumstances for me to require Volkswagen Finance to write-off the outstanding amount of her debt, to amend any of the information about the hire purchase agreement that it's reported to the credit reference agencies, to pay any further compensation to Miss B or to take any other action in response to her complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 13 November 2025.

Jarrold Hastings
Ombudsman