

The complaint

Ms P complains that Volkswagen Financial Services (UK) Limited trading as Audi Financial Services (“AFS”) wouldn’t allow her to amend a hire purchase agreement to a new car.

What happened

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In August 2021, Ms P entered an agreement to acquire a brand-new car from a manufacturer-approved dealership (M). She paid a deposit of £12,000, with the balance being provided under a hire purchase agreement with AFS. The agreement was for 48 months, with 47 monthly payments of £620.75, and a final payment of £24,628.75 if she wanted to keep the car at the end of the agreement. The cash price of the car was £57,495.

Upon delivery of the car, Ms P was unhappy with it. It didn’t have the additional features that she thought would be included. She spoke to M about it and took delivery of the car while she waited for a conversation with someone from M to discuss her options.

M agreed to source a replacement car for Ms P, with the additional features she wanted included. It was agreed that Ms P would pay an additional £10,000 when the new car was delivered, and she wanted the original terms of her hire purchase agreement to remain in place when the new car was available.

Due to a number of reasons, the new car wasn’t made available until June 2023. At this point, Ms P was sent a new hire purchase agreement rather than an amendment to the existing agreement. Ms P wasn’t happy with this – she didn’t want to start a new agreement – so she didn’t enter it and kept the original car from August 2021.

Ms P complained to another alternative dispute resolution service. They took some time to respond to Ms P, when they explained to her that they couldn’t help as her complaint was in relation to a hire purchase agreement. She complained to AFS in December 2024. AFS explained that they had no control over the information M might have given her after she’d taken delivery of the car in August 2021, but they were satisfied the agreement had been set up correctly. They didn’t discuss the subsequent agreement for the replacement car, as Ms P hadn’t accepted it, so the agreement had never been activated.

Ms P brought her complaint to our service. Our investigator didn’t uphold it. He said there was nothing to suggest the car had been misrepresented to Ms P when it was acquired, as she had accepted she had assumed it would have all the additional features included as opposed to being told by M that they would be. He also said there wasn’t anything to suggest the car wasn’t of satisfactory quality or as described – so Ms P didn’t have the option to just hand the car back when she was unhappy with it. She could have withdrawn from the agreement, but she would still have been liable to settle the agreement in full by other means. In relation to the aborted second agreement, our investigator said he couldn’t comment on it as it hadn’t been entered, so AFS had no liability. He said AFS had treated Ms P fairly.

Ms P didn't agree. She said M had told her she could pay £10,000 when the replacement car was available, and she'd made it clear she would only do that if her current agreement could be amended so the new car replaced the original, and the terms remained the same.

As Ms P didn't accept, it's 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.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on it all within this decision. I will be focussing on what I consider to be the key points of this complaint.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the hire purchase agreement entered by Ms P is a regulated consumer credit agreement our service is able to consider complaints relating to it.

The fact the car was supplied to Ms P under a hire purchase agreement means that the credit provider has responsibility for things that were said or done by M prior to Ms P's entry into the agreement.

I think it's worth starting by explaining that I'm only looking at AFS' responsibility here as the finance provider for the car. Ms P has voiced concerns about M and has been engaged in a lot of conversation with them post-sale – but at that time M weren't acting as agents of AFS, and AFS can't be held responsible for anything M have said or done post-sale.

Ms P has said that, had M told her she would need to start a new agreement when the replacement car was ready, she would have handed the original car back. However, I have to let her know that that wouldn't have been an option for her under this agreement. The only reasons for the car to be handed back would be if the agreement or the car had been misrepresented to her, or if the car had been deemed to be of unsatisfactory quality or not as described. None of those things are true in this case.

Ms P has accepted that she wasn't told the car would have all the additional features she thought it would have. She assumed it would based on what she requested and the car she test-drove, but the sales invoice confirmed to her the additional features the car would come with – and the features she assumed would be included were optional features she needed to select. Because of this, I can't say the car has been misrepresented to her. M haven't made a false statement of fact that has induced Ms P into the agreement – so misrepresentation hasn't taken place.

Ms P didn't report any faults with the car, so it can't be deemed to be of unsatisfactory quality either, and she hasn't said it wasn't as described. The only option Ms P had was to withdraw from the agreement. But that is only withdrawing from the hire purchase agreement, it isn't withdrawing from the acquisition of the car. So, Ms P would still have needed to settle the agreement by other means had she chosen to withdraw from it, and she would still have had the car, unless she chose to dispose of it to try and settle the agreement.

I appreciate Ms P feels M told her she would only need to pay £10,000 for the new car, and she was under the impression her hire purchase agreement would just be amended to reflect the new car. It's possible there's been misunderstanding or a mix-up in communications between Ms P and M when discussing the terms for the new car and whether a new finance agreement would be needed. However, I've seen the order form Ms P was provided with when with the replacement car was discussed and I'm satisfied it explained what would happen once the car was available. It showed:

- the total cash price of the car.
- what the part-exchange valuation was for the original car.
- the settlement figure on the existing hire purchase agreement.
- any positive equity that would be transferred across to the new agreement.
- the amount that was going to be financed.

The paperwork also gave two different options for the finance of the car, depending on whether Ms P wanted to have a final optional payment or not. The order form and paperwork was as I'd expect it to be, and I haven't seen any compelling evidence from Ms P that confirms M explicitly told her the existing hire purchase agreement could just be amended. It seems to me that the major problem here has been the time it took for the replacement car to be available, which has delayed things for almost two years. But AFS aren't responsible for how long it took the car to be available, as the new agreement hadn't been signed.

AFS weren't aware of any agreement Ms P and M might have made, or any discussion that might have taken place. But they acted reasonably when they asked Ms P to enter into a new hire purchase agreement for the replacement car. It wouldn't have been possible for the existing hire purchase agreement just to be amended and allowed to run its original term. The agreements are specific to the goods that are at the centre of them.

I know this decision will come as a disappointment to Ms P. But she has had full use of the original car she acquired in August 2021 and wouldn't have been in a position to hand that car back without settling the agreement, so I'm not able to conclude that she's lost out as a result of having to keep the car for the duration of the agreement.

I'd like to remind Ms P that she's able to reject this decision if she thinks she can achieve a better outcome by alternative means, such as through the courts.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 10 October 2025.

Kevin Parmenter
Ombudsman