

## **The complaint**

Mr K is unhappy that the fixed sum loan agreement he had with Hyundai Capital UK Limited trading as Hyundai Finance (Hyundai) did not include the right to voluntarily terminate the agreement. He also complained that the agreement was based on the wrong model of car, impacting on the monthly payments.

## **What happened**

In April 2022 Mr K was supplied with a new car through a fixed sum loan agreement with Hyundai. He paid an advance payment of £3,500 and the agreement was for £55,088 over 49 months; with 48 monthly payments of £661.11 and a final payment of £19,855.68.

Mr K said that he was told by the supplying dealer that the agreement he was entering into was a Personal Contract Purchase (PCP) agreement. He said he was told the agreement had the usual PCP features – including the right to voluntarily terminate the agreement under the Consumer Credit Act 1974.

He said he asked about the termination rights several times because he was nearing retirement and needed some flexibility. He said he was assured by the supplying dealer he could exit the agreement early by paying a settlement figure or terminating once he had paid 50% of the total amount payable.

He said he contacted Hyundai in September 2024 to voluntarily terminate (VT) the agreement. He was told the agreement was not a standard PCP but a fixed sum loan PCP, with no rights to voluntarily terminate. He said this had never been explained to him and he would not have entered the agreement if he'd known this.

Mr K said he planned to retire shortly after entering the agreement and relied on the ability to VT the vehicle part-way through.

He said the supplying dealer, who was also the credit broker, represented the agreement as a standard PCP — both in verbal discussions and in a finance quote and an email it sent to his nephew who helped arrange the deal.

He said the documents he received were confusing and contradictory. He said one was titled Personal Contract Purchase then referred to a fixed sum loan. He said this didn't clarify that this meant he would lose the right to VT.

He also complained that the vehicle model type entered on the agreement was different to the one he'd acquired. He said this likely affected the guaranteed future value (GFV) and possibly the monthly payments.

Hyundai said Mr K complained that the vehicle was mis sold due to the wrong agreement type being set up and the figures being calculated on the wrong vehicle specification.

Hyundai said that the vehicle details on the finance agreement did show the wrong model,

but the calculations and price were for the correct model, which was the model that Mr K had been supplied with.

They said the agreement that Mr K entered into and signed clearly stated it was a fixed sum loan Personal Contract Purchase agreement. They said that on the same page there was a section highlighted with a red exclamation mark "*Other things you should know*" which stated "*You will not have the right to terminate the agreement early (through a Voluntary Termination under the Consumer Credit Act 1974)*". They said this was included in the pack that was sent to him on 29 April 2022.

They did not uphold Mr K's complaint because they said there was no evidence to suggest that the agreement was mis sold.

Mr K was unhappy with this response, so he referred his complaint to our service for investigation.

Our investigator said there was an error with the vehicle model on the agreement, but after checking valuation tools, he was satisfied the agreement contained the correct financed amount, monthly instalments, and GFV.

He was also satisfied that the information about VT rights not being available were provided in a prominent and clear way.

Mr K didn't agree with the investigator. He said he was expressly and repeatedly told by the dealership he could VT the agreement. He said he was never told he was not entering into a typical PCP agreement. He said he'd specifically asked about VT because he was approaching retirement.

He also said he didn't believe the model type error was just a typo. He said he may have overpaid or received a reduced GFV.

Because Mr K didn't agree, this matter has been passed to me to make a final decision.

### **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.

Having done so, I've reached the same overall conclusions as the investigator, and for 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 K was supplied with a car under a fixed sum loan agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

### Other Decisions

Mr K has made reference to a decision the Financial Ombudsman Service has made: a decision of mine. I'd like to make clear that a crucial part of our service and the way we consider complaints is that we consider each complaint on its own merits and its own

individual circumstances. So, this decision won't be impacted in any way by any decision made on a different complaint, no matter how similar Mr K feels the situation is.

### Type of agreement

The agreement and associated documents were sent to Mr K on 29 April 2022.

The first document in the pack is headed "*Personal Contract Purchase*". Under the heading "What is it", it says "*We have accepted your proposal as a Fixed Sum Loan Personal Contract Purchase*". It describes common features of a PCP agreement such as the Optional Final Payment, also known as the GFV. It gives three options for the customer at the end of the agreement:

- *Retain the vehicle: after paying the Optional Final Payment*
- *Return the vehicle: there's nothing more to pay if the vehicle is in good condition and within the agreed mileage terms.*
- *Renew the vehicle: choose another vehicle, using any excess part exchange value that is above the Optional Final Payment towards your deposit*

It explains that the agreement is covered by the Consumer Credit Act 1974. Under the heading "*Is this type of agreement covered by the Consumer Credit Act 1974?*", it says "*yes it is*", and explains this means you can pay lump sums during the agreement, and "*You can settle the outstanding balance early at any time during the agreement*".

I'm satisfied that it's clear that this is not a form of hire purchase PCP (as most PCP agreements are) – the agreement is clear that this is a fixed sum loan agreement, with PCP features. Those are the standard PCP features we'd expect to see, including lower monthly payments. This agreement does give flexibility at the end of the term – and these options are clearly set out, and they do not include any right to VT.

The reference to VT appears under the heading "*other things you know*". This heading has an exclamation mark highlighted in red – I presume to demonstrate the importance of this section. The fourth bullet point (of five) explains that:

*"You will **not** have the right to terminate the agreement early (through a Voluntary Termination under the Consumer Credit Act 1974)".*

I'm satisfied that this important fact is sufficiently highlighted. The heading has an exclamation mark in a red box, and bold lettering is used to emphasise that the right to terminate early is "not" given under this agreement.

The next document in the pack is the agreement itself. This is headed "*Fixed sum loan agreement regulated by the Consumer Credit Act 1974*". It makes no reference to PCP.

The terms of the agreement are also included in the pack. They make no mention of PCP.

Not in this pack, but supplied by the dealer is a copy of the explanation document provided as part of the pre-contractual information given to Mr K. This has the question "*Is a fixed sum loan agreement suitable for you?*". The answer given includes the statement that "*you do not have the right to voluntary surrender the vehicle under s99 of the Consumer Credit Act 1974*". Section 99 of the Consumer Credit Act 1974 gives the right to voluntary terminate, not voluntary surrender. I assume this sentence was meant to explain that the right to VT did not apply to this type of agreement. Even with this error, I think the warning was sufficient to make Mr K aware that he may not be able to VT this agreement.

Hyundai say that Mr K was given all the necessary information and time to inspect the agreement before he entered into it. I agree.

Whilst there are references to PCP, I'm satisfied that it should've been clear to Mr K that he was entering into a fixed sum loan agreement, and not a hire purchase agreement. I accept that some documents do refer to PCP, but in this case, that's because the agreement contains many of the typical features of a PCP – I've referred to these above.

But the agreement and supporting documentation make clear this is a fixed sum loan agreement. And there are sufficient statements that provide the key information, especially the information that Mr K required – that is whether or not VT applied to this agreement.

Mr K said that he was explicitly informed by the supplying dealer that this was a PCP agreement, with the usual PCP features, including the right to voluntarily terminate. That's important because Section 56 of the Consumer Credit Act 1974 covers "antecedent negotiations". This means it deals with what was said or done before the credit agreement was entered into by the consumer, in this case, the supplying dealer who was acting as the broker.

Mr K said he queried the right to VT several times and was assured by the supplying dealer that he could exit the agreement early by paying a settlement figure, or voluntarily terminating once he had paid 50% of the total amount payable.

He said he would not have entered into the agreement if he'd known it didn't have the right to VT. This was because he knew he was considering retirement.

He also said he had entered into a PCP agreement before and was aware how they operated.

I've thought carefully about Mr K's testimony. It's clear that, because of his retirement plans, he wanted an agreement with the option to exit the agreement early. I'm satisfied from what he's said that it's more likely than not that he asked questions about exiting the agreement early. And it appears that the dealer is likely to have told him that he could exit the agreement early. That's because, as the agreement says, there are options to exit the agreement early. But I can't be certain that the dealer did say that those options included the right to VT.

In this case, the exit options do not include the right to VT. And as I've said above, I'm satisfied that the agreement and the supporting information made that clear. I'm also satisfied that the warnings were sufficiently prominent. Mr K said this was a key feature, without which he wouldn't have gone ahead. The information about not having the right to VT was given to Mr K and gave him the opportunity to raise this with Hyundai during the cooling off period.

#### Vehicle description

Mr K says the error in the vehicle model type makes a material difference to the calculation of the PCP finance figures, meaning a lower guaranteed future value, and higher monthly payments. I've seen no evidence that is the case here.

Hyundai have confirmed the figures are correct and were based on the correct model type. Our investigator checked vehicle valuation tools and found these to be in line with the value shown on the agreement. He found the market value of the model Mr K acquired was about £50,000. And the cash price shown on the agreement was £49,000. This means it is more

likely than not that the correct model of car, and value, was used as a starting point for all the calculations that led to the GFV and monthly payments.

I know this will be disappointing to Mr K. And I'm sorry to hear about his recent health issues. I'd like to assure him that I've considered all the information he has provided, especially his thorough testimony, but I'm satisfied there was sufficient information provided to him by Hyundai that made it clear the agreement he was entering into was a fixed sum loan agreement and that agreement does not contain the right to voluntary terminate.

So I won't be asking Hyundai to take any further action to resolve this matter.

### **My final decision**

For the reasons explained, I don't uphold Mr K's complaint about Hyundai Capital UK Limited trading as Hyundai Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 October 2025.

Gordon Ramsay  
**Ombudsman**