

The complaint

Mr M complains about the actions of Hyundai Capital UK Limited, trading as Hyundai Finance, following its acceptance of his rejection of a car that had been supplied to him under a conditional sale agreement.

What happened

A new car was supplied to Mr M in August 2023 under a conditional sale agreement with Hyundai Finance. The price of the car was £52,020, Mr M made an advance payment of £8,548.96 and he agreed to make 48 monthly payments of £605.92 and a final payment of £20,731.71 to Hyundai Finance.

Mr M complained to Hyundai Finance about faults with the car in January 2025. It partially upheld his complaint but, due to a repeat fault, it accepted his rejection of the car in March 2025. It said that it was unwinding the finance agreement and arranging for the car to be collected, but was charging 45p per mile for his use of the car. It said that the car's mileage was 30,912 miles, the total amount he had paid was £20,061.44 and it was deducting £13,910.40 for mileage. It also said that it had made a payment to Mr M of £250 for the distress and inconvenience he'd been caused and his credit file would be amended to reflect the unwind of the agreement.

Mr M wasn't satisfied with its response so complained to this service. He said in his complaint form that the sum deducted was unreasonable and interest hadn't been included so he wanted this service to make a decision on the interest due and the mileage deduction. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Hyundai Finance had acted fairly. His recommendation included that Hyundai Finance should refund Mr M's deposit but retain the monthly payments up until the point the car was rejected, and that it should add interest on the refunded amounts.

Neither Hyundai Finance nor Mr M has accepted the investigator's recommendation so I've been asked to issue a decision on this complaint. Hyundai Finance says that as £13,910.40 was deducted from the deposit for usage and it has refunded £6,150.04, the difference remaining is £7,760.36 so the recommendation should be amended to say that it will refund £7,760.36 and add 8% interest on the full deposit from the date it was paid. Mr M says that as Hyundai Finance has failed to respond to him about a credit file error and an issue with the car's registration document, those issues should be included in this complaint.

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.

Hyundai Finance has ended the conditional sale agreement and has collected the car so there's no need for me to make any finding as to whether or not the car was of satisfactory quality when it was supplied to Mr M. It said that it was charging 45p per mile for Mr M's use of the car and that the total amount that he'd paid it was £20,061.44, from which it was

deducting £13,910.40 for mileage, so it refunded £6,150.04 to him (consisting of ten monthly instalments of £605.92 and a payment of £91.84). It also paid him £250 for the distress and inconvenience that he'd been caused.

Mr M complained to this service about the sum that was deducted for usage and that interest hadn't been included. The investigator said that he thought that the monthly payments were a fair measure of what Hyundai Finance could keep for usage of the car. I agree with the approach recommended by the investigator. The conditional sale agreement shows that Mr M made an advance payment of £8,548.96 to Hyundai Finance. I consider that it would be fair and reasonable for Hyundai Finance to refund to Mr M the advance payment that he made for the car, with interest. I consider that it's fair and reasonable for Hyundai Finance to keep the monthly payments made by Mr M under the conditional sale agreement for the period from when the car was supplied to him until it accepted his rejection of the car as payment for the use that he's had from the car. I consider that it should refund to Mr M any other monthly payments that he's made to it, with interest.

Interest should be calculated on the amounts to be refunded to Mr M at an annual rate of 8% simple from the date of each payment to the date of settlement. Hyundai Finance has already refunded £6,150.04 to Mr M. I consider that it should calculate the amount to be refunded to Mr M on the basis that I've described above and that it should deduct from it the £6,150.04 that it's already refunded to him. I consider that the £250 that Hyundai Finance has already paid to Mr M is fair and reasonable compensation for the distress and inconvenience that Mr M has been caused. I'm not persuaded that a higher award of compensation for Mr M's distress and inconvenience is justified.

Hyundai Finance said that Mr M's credit file would be amended to reflect the unwind of the agreement and the investigator's recommendation included that it should remove any adverse information from Mr M's credit file in relation to the agreement. Mr M says that Hyundai Finance has incorrectly amended his credit file but hasn't responded to him about that issue. I consider that Hyundai Finance should ensure that any adverse information about the conditional sale agreement that it's reported to the credit reference agencies is removed from Mr M's credit file.

In response to the investigator's recommendation, Mr M says that Hyundai Finance hasn't responded to him about an issue with the car's registration document. That issue has arisen since Mr M complained to this service so wasn't included in the complaint that he made. I'm unable to make any finding on that issue in this complaint.

Putting things right

I find that it would be fair and reasonable in these circumstances for Hyundai Finance to take the actions described above and as also set out below.

My final decision

My decision is that I uphold Mr M's complaint and order Hyundai Capital UK Limited, trading as Hyundai Finance, to:

1. Refund to Mr M an amount calculated as described above.
2. Ensure that any adverse information about the conditional sale agreement that it's reported to the credit reference agencies is removed from Mr M's credit file.

HM Revenue & Customs requires Hyundai Finance to deduct tax from the interest to be paid to Mr M. Hyundai Finance must give Mr M a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 October 2025.

Jarrold Hastings
Ombudsman