

The complaint

Mrs C is disappointed that Ald Automotive Limited (Ald) didn't explain their liability for any shortfall if their car was written off.

What happened

Mrs C took receipt of a new car in October 2023. She financed the car through a hire agreement with Ald. In September 2024, the car was involved in an accident and written off. Mrs C was upset to find that once her insurance claim was settled there was a shortfall that Ald held her responsible for paying. She thought Ald should have explained that possibility more clearly before she entered into the agreement with them.

Mrs C referred her complaint to this service but our investigator didn't think there was a reason to uphold it, so Mrs C has asked for a decision by an ombudsman.

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.

I agree with the investigator's view of this complaint and for broadly the same reasons.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs C acquired her car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

Firms, like Ald, are not under a general obligation to give bespoke warnings about every potential downside of a regulated credit agreement. But they must provide clear, fair and not misleading information and explain the key financial features of the finance agreement.

The finance agreement Mrs C entered into explained that:

"If the Vehicle is stolen or damaged and declared a total loss during the Term you must pay to us the Total Loss Sum calculated in accordance with clause 9, including any shortfall in any insurance claim' and 'In the event that your insurance does not cover the amount we expect to receive as compensation for the Total Loss, you must pay us any shortfall."

I wouldn't expect Ald to have gone further than that and to have actively warned Mrs C that a shortfall *might* arise in certain future scenarios.

Ald is not required to insist GAP insurance is in place nor is it required to explain every consequence of not taking it out.

I appreciate how upsetting and stressful the situation has been for Mrs C. Losing her car in an accident was difficult enough, but she then discovered there was still a balance to pay and that would have come as an unwelcome shock. However, I don't think Ald have done anything wrong here and I'm not asking them to take any action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 12 January 2026.

Phillip McMahon
Ombudsman