

The complaint

Mrs L complains about the charges/settlement figure when she paid off her car finance early.

What happened

In bringing the complaint to our service, Mrs L has been represented by her husband. For simplicity, I will always refer to Mrs L.

Mrs L entered into a conditional sale agreement in October 2024 for the supply of a car from Hyundai Capital UK Limited trading as Hyundai Finance ("Hyundai Finance"). The agreement was set to run over 36 months.

Shortly afterwards she paid off the finance and in February 2025, raised a complaint with Hyundai Finance. She said the agreement was mis sold to her, as she was told at the point of sale that she would only pay interest for one month if she settled it after the first monthly payment was taken, and this induced her to enter into the finance agreement. She also had concerns about the time it took for her to get information she requested from Hyundai Finance, and the daily interest amount that she's been charged.

Hyundai Finance issued their final response letter to her complaint in March 2025 and didn't uphold it. They explained that she'd been charged correctly when settling the agreement. Unhappy with this response, she brought her complaint to our service.

An investigator here investigated and didn't uphold the complaint. They said that the dealership had told our service that Mrs L took the car on finance as it was the most cost effective option, as she'd received a £1,750 finance deposit allowance for taking the car on finance, and they would have made her aware she had the option to settle the finance at any stage, but they wouldn't have got into conversations about interest charges, and would have encouraged Mrs L to read the finance agreement in full before deciding to enter into it.

The investigator said she couldn't be satisfied that a mis sale had occurred, as the testimonies from both parties differed and the alleged wrong information was only provided verbally, they couldn't conclude that a false statement had been provided to persuade Mrs L to enter into the agreement, and to say it was mis sold.

Mrs L didn't agree and asked for an Ombudsman to make a final decision. She said the issue in question was that they were charged interest having been provided no details about this in the agreement or verbally, and this wasn't fair. She said she was explicitly told by the salesman no interest would be payable after the loan was repaid, and the agreement makes no mention of interest being payable for a period after the loan was paid off, and it says there is no penalty for early repayment, and the only justification for charging interest is a clause "deep" in the consumer credit act that an average person would not be expected to have knowledge of, which is an unreasonable contract clause.

The case has therefore come to me for 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. Mrs L was supplied with a car through a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Mrs L would appear to have entered the three-year agreement to get a better deal for the car. She has acknowledged in her request for this final decision that the fact she got a better deal is not the point in question here. Just because she got a better overall deal still, she feels it doesn't make it fair that she's been charged interest she didn't expect to be charged.

She says the information that no interest was payable was apparently told to her verbally, but we have no corroboration of this, and the testimony from Hyundai differs from this. On this basis, I won't be making a finding that this conversation happened. I don't find it likely that a salesperson would say this, when it would so quickly be proven wrong, either when settling the agreement, or indeed as I'll go onto explain on reading the agreement or contacting the finance provider.

Instead, I've thought about what the agreement says, and what she could have done differently. Clearly, she could have bought the car for cash, not taken the finance, and paid more for it.

I think it's reasonable to expect a consumer, when signing up for a three-year finance agreement, especially if they didn't initially intend to buy the car on finance, to read that agreement to ensure they are happy with the terms outlined.

I note that in the agreement, in Clause One, it is clearly outlined that she could have withdrawn from it within 14 days by settling it and would only have had to pay a daily interest amount for the number of days before withdrawing from the agreement. This would have been a better option if she had the money to pay off the agreement when she took out the finance, so I'm unclear why she couldn't and wouldn't have done this. The agreement even outlines the daily interest amount she would have had to pay, £0.58 per day. She could have done this after a day and paid the absolute minimum.

I'd have expected her to read this, and if she was considering paying the finance off quickly, to have queried why she needed to make the first monthly payment which she claims she was told, when this withdrawal option was outlined in the agreement.

The agreement also says that she can pay off lump sum amounts at any time during the agreement or can settle the outstanding balance early at any time during the agreement. Nowhere is there any mention of paying the agreement off after making one monthly payment, so when the plan was to pay the finance off quickly, and not keep it for the 36 month term, I'd have expected Mrs L to have made contact with Hyundai Finance to query

what she'd have to pay if she chose to settle the agreement early. I've seen no evidence that she did this until a month or so into the agreement.

Mrs L has asked for this final decision and told us that the issue in question is that the agreement doesn't say what interest she would have to pay to settle it early, and this isn't fair. But the agreement clearly sets out that she could withdraw from the finance agreement inside 14 days and pay 58p per day interest. I can only assume from the fact she told us she had the money to pay the finance off immediately, that she didn't read the agreement, or she could have exercised her right to withdraw, and paid it off immediately at a cost of 58p per day.

Instead, she says she made the first month payment of presumably £184.42 as set out in the agreement and then isn't happy that she had to pay a statutory amount of interest to settle the agreement early after that, which she says isn't fair as the finance agreement doesn't state anything about this interest charge.

I'm not persuaded that she read the agreement before entering it, otherwise I'd expect she would have exercised the right to withdraw. As such, I don't believe that whether the agreement outlines the statutory interest chargeable on settling the agreement early is relevant here.

If entering into a three-year finance agreement but intending to settle it immediately, I'd expect a consumer to satisfy themselves fully, both by reading the agreement fully, and if necessary, contacting the finance provider, to ensure what it was going to cost them to do this. I've seen no evidence that Mrs L did this at any point, and as such, I can't say anything wrong has occurred here. Alongside this, she has confirmed that the deal she got was the best deal financially available to her, so even if I felt she had been misled in some way, I wouldn't be compensating her, as she's already better off than if she'd bought the car with cash not a finance agreement, even after paying the amount of interest.

Indeed, the only way she could have got a better deal would have been to sign up for the finance with the discount provided and then withdraw from the finance agreement inside 14 days. This was clearly explained as an available option in clause one of the agreement terms, so was available to her if she'd read the agreement.

I am satisfied that she's been treated fairly, and I won't be asking Hyundai Finance to do anything more here.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 7 November 2025.

Paul Cronin
Ombudsman