

The complaint

Mr A complains about the sale of a car he acquired through a hire purchase agreement with Volkswagen Financial Services (UK) Limited trading as Audi Financial Services ('VWFSL'). Mr A says that the car was sold by VWFSL for too little, and this has caused him a financial loss.

What happened

Mr A acquired a car using a hire purchase agreement that was started in March 2023. The vehicle had a retail price of £47,379.51. Mr A paid a £1,000 deposit meaning £46,379.51 was financed. This agreement was due to be repaid through 47 monthly instalments of £650. There was a final repayment of £24,792.15 to purchase the car. The total to pay overall would have been £56,352 (which includes some other modest fees).

Mr A had problems repaying the finance and the agreement was terminated in September 2023. He was in arrears by £9,333.32 at this time. Mr A has made a separate complaint about the termination of the agreement itself, and this complaint has not been brought to the Financial Ombudsman Service. I'm not considering this aspect of his complaint here.

As part of the termination process the car was sold at auction. The price VWFSL received for the car was £32,600. This was deducted from the amount Mr A owed on the hire purchase, but this still left Mr A with £4,216 still to repay.

Mr A complained to VWFSL saying that the car had been sold for too low a price and it wasn't sold at a fair market value. He also said that it was incorrectly categorised as a 'Grade 2' vehicle at auction which negatively affected its sale price. It was sold to a car dealer who now had it for sale at a significantly higher price.

VWFSL considered this complaint, and it didn't uphold it. It said it acted correctly, and within the terms of the mutual agreement, when it sold the car at auction. And it didn't have any control over the sale price, how the vehicle was graded, or that a third party was now selling the car for a higher value. Mr A didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr A's complaint. He said that VWFSL hadn't acted incorrectly when it sold the car at auction and it didn't seem like the vehicle was incorrectly categorised as 'Grade 2' as there was some damage present. The fact that it may now be on sale for a higher price wasn't relevant to Mr A's complaint. He didn't think VWFSL had acted unfairly.

Mr A hasn't agreed with the Investigator. He said, over two emails, the car was not damaged when it was collected from him. And no damage was documented at this time; he did not sign or see a vehicle condition report and no information has been provided about this. The damage may have occurred after the car was collected. And there has been a lack of a fair and transparent inspection, and VWFSL has relied on the auction businesses categorisation of the car. The inspection and sales process was flawed.

Our Investigator has said that he was satisfied that the car was graded correctly by the auctioneers and it wasn't clear that any damage to the car had affected the price of it. Because Mr A 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case was a regulated hire purchase agreement – so we can consider a complaint relating to the administration of it.

In November 2023, VWFSL informed Mr A that the vehicle would be collected and sold at auction if the balance wasn't paid within 14 days. It said that:

'The vehicle will be sent to auction and be sold for a fair market value. The funds will be used to clear the outstanding balance on the agreement. Should the vehicle be sold for less than what is outstanding the shortfall will need to be paid by yourself. If the vehicle sells for more than the outstanding balance, the difference will be refunded back to you.'

There isn't any dispute that VWFSL could sell the car in this way when the agreement was terminated. And Mr A was informed of the process and what the consequences of it could be by VWFSL.

As above, the car was subsequently sold at auction and the crux of Mr A's complaint is that he feels the price received was not fair, and this had caused him a loss as he still owes money to VWFSL after the car value was used to repay the finance.

I don't agree with this, VWFSL has taken steps to sell the car through a legitimate auctioneer and received the value that the car fetched through this process. I think this means that a fair market value was received for the car. As the price a buyer was willing to pay, in a legitimate car market, was received.

I can see that Mr A disagrees with how the car was 'graded' in that it was marked as having some damage by the auctioneer. But I can't see that VWFSL was involved in this process, and it isn't responsible for this grading. That said the car clearly does have this damage and I've seen nothing persuasive to show it was caused by VWFSL. And I don't think VWFSL was acting unfairly when it used a method of selling the car which involved it being graded in this way. And any method of selling the car would have considered the condition of the bodywork.

Mr A has said that the car is (or was) on sale for a higher price than it was sold for and this indicates that he hasn't received a fair value for it. But it is typical for the retail value of cars to be higher than those sold at auction, and this price can often reflect the added costs of warranties and dealership guarantees. I don't think that the car currently being up for sale at a higher price indicates that VWFSL didn't receive a fair market value for it.

And I can see that Mr A feels the loss he suffered is due to the sale value of the car not being what it should. But his loss stems from the problems he has had repaying the car and the termination of the contract rather than the value the car was sold at. For example, it

could equally be said that is the arrears on the account were the cause of his loss as he is still owing an amount to the finance after the sale of the car. I don't think it's right to say that the problems Mr A faced, and is now facing, are due to price the car was sold at.

Overall, having considered everything I'm not upholding Mr A's complaint. I can't see that VWFSL have acting incorrectly or unfairly here.

My final decision

For the reasons set out above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 November 2025.

Andy Burlinson
Ombudsman