

## **The complaint**

Miss D complains about how she was treated by Volkswagen Financial Services (UK) Limited (VWFS) when she was in financial difficulty and seeking help to make the payments under her hire purchase agreement.

## **What happened**

In November 2021 Miss D was supplied with a used car through a hire purchase agreement with VWFS. The agreement was for £38,657.75 over 48 months; She paid an advance payment of £6,695, with 48 monthly payments of £374.25 and a final payment of £13,988.75.

Miss D said that she lost her job after her father passed away, and this led to the arrears building up. She said that VWFS terminated the agreement and were threatening to take the car away. She said they hadn't taken account of her financial situation and her mental health issues. She said she wants to keep the car and clear the arrears.

VWFS said that Miss D missed payments from February 2024 to July 2024. They said they issued a default notice on 10 May 2024, and the agreement was terminated in August 2024 due to arrears of £2,245.50.

VWFS said Miss D didn't respond to their attempted contacts by letter, email, text messages, and voicemails. They said they didn't hear from her until their third party agent contacted her to arrange collection of the car.

They said that if Miss D wanted to settle the agreement, she would need to pay £20,662.21 (figure at 14 May 2025). This amount included the arrears of £2,245.50.

Miss D was unhappy with this response, so she referred her complaint to our service for investigation.

Our investigator didn't think VWFS had acted unfairly. She said VWFS had attempted to contact Miss D but she hadn't responded. She said they had terminated the agreement due to the arrears outstanding. She said VWFS had agreed that Miss D could keep the car but only if the whole of the arrears were cleared.

Miss D didn't agree with the investigator. She said VWFS had not sent all the letters they said they had. She said she was upset that VWFS had terminated the agreement without any discussion. She said she wanted to keep the car and she could now afford the monthly instalments.

Because Miss D didn't agree, this matter was 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 considered all the evidence, I've reached the same conclusion as our investigator and for broadly the same reasons. I'm satisfied that it was reasonable for VWFS to terminate the agreement due to the amount of arrears, and because Miss D failed to contact them. I'll explain why below.

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. Miss D was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

This complaint is about whether or not VWFS treated Miss D fairly when they terminated the agreement in August 2024.

Under a hire purchase agreement, ownership of the car remains with the business, in this case VWFS. The business then allows the consumer to use the car in return for making the monthly payments.

The rules and guidance relevant to Miss D's agreement are set out in the FCA's Consumer Credit handbook ("CONC"). This states that regulated firms should treat consumers that are struggling to make their repayments because of financial difficulties with due consideration and forbearance.

Miss D was initially in arrears from July 2023 to November 2023. During that time she was sent arrears letters, formal notices, including a default notice. These informed her of the amount of arrears and the consequences of not clearing the arrears. This included the warning if she failed to pay, the agreement could be terminated and the car repossessed.

In November 2023 Miss D called VWFS and cleared the arrears in full. This demonstrates to me that Miss D was aware of the arrears process, and the consequences of not contacting VWFS or making payments.

Miss D fell into arrears again in February 2024 and another notice of sums in arrears was sent to her. The arrears at this point were £748.50.

I've reviewed the contact notes supplied by VWFS. I can see that in the following months VWFS called Miss D on several occasions but got no answer, and there is no record of their calls being returned.

On 10 May 2024 another default notice was issued. This is a formal notice required under Section 87(1) of the Consumer Credit Act 1974. It explains what needs to be done, and the consequences of not complying with the notice.

The notice said that if she did not pay the arrears before 29 May 2024 they may (amongst other things) terminate the agreement, recover the car, and collect payment of any arrears.

At this point the arrears amounted to £1,122.75. A notice of sums in arrears was sent on 3 July 2024 confirming the arrears were still at £1,122.75.

On 5 August 2024 VWFS wrote to Miss D advising her that they had terminated the agreement as she had not cleared the arrears by the date set out in the latest default notice.

She then responded by email of 9 August 2024, saying she wanted to clear the “*whole balance*”.

She emailed VWFS on 13 August 2024 as she had been contacted by the third party collection agent. She said this was the first time she’d heard from them. She also said she wanted to clear her arrears.

I can see that VWFS attempted to contact Miss D on several occasions by phone, email and letter during the period from February 2024 when she was in arrears. Their notes show that any contact was to be handled by a specialist team. So I’m satisfied they were aware of her situation, and prepared to treat her fairly and reasonably.

But despite the contacts, I’ve seen no evidence that she contacted them until the agreement was terminated and attempts were made to collect the car.

I haven’t seen anything that persuades me that VWFS acted unfairly or unreasonably when it took the decision to terminate the agreement. They had attempted to contact Miss D over a period of several months, sent her all the necessary formal notices – and terminated the agreement only after they’d received no response.

The correspondence and notices had informed her of what would happen if she failed to pay, so she was aware of the consequences of not contacting VWFS.

Importantly, the letters and notices they issued included details of organisations that could provide independent advice and support.

Miss D said she hadn’t received all of the letters. I can see that all correspondence was sent to the same address as she provided to this service when making her complaint. So I’m satisfied that the correspondence was properly sent and it’s more likely than not that she received them. I’m also satisfied that they had also attempted to contact her by other means, including by telephone and by email. So even if she had not received all of the letters, she was aware that VWFS were attempting to contact her. And as she hadn’t been making payments, I would think that she should have known why they were trying to contact her.

Miss D was in arrears on the agreement, so was in breach of the payment requirements. VWFS sent her a valid default notice, informing her that the agreement would be terminated if she didn’t respond by 29 May 2024.

But, as I’ve set out above, Miss D didn’t respond until August 2024, by which point the agreement had already been terminated.

So I’m satisfied their decision to terminate the agreement was fair.

I appreciate that Miss D wants to continue to use the car. And I acknowledge that she has been struggling mentally and financially. But I can’t say that VWFS acted unfairly or didn’t give Miss D sufficient information about the agreement, and sufficient opportunity to contact them to discuss the arrears.

So I won’t be requiring VWFS to take any further action to resolve this complaint. I do remind them of their responsibility to continue to treat Miss D with forbearance and due consideration.

**My final decision**

For the reasons explained, I don't intend to uphold Miss D's complaint about Volkswagen Financial Services (UK) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 10 December 2025.

Gordon Ramsay  
**Ombudsman**