

The complaint

Mrs F says Oodle Financial Services Limited trading, as Oodle Car Finance (Oodle) didn't adequately explain the options she had when exiting a finance agreement with them.

What happened

In February 2020, Mrs F bought a used car through a hire purchase agreement with Oodle. Five years later, in February 2025, she told Oodle the car needed major repairs that would likely cost more than the car's value. Oodle explained her options, and in March 2025, Mrs F chose to Voluntarily Terminate (VT) the agreement. The car was sold at auction, and the proceeds were used to reduce the outstanding balance.

Mrs F later complained, saying VT was the wrong choice and left her significantly out of pocket. Oodle believed they had provided enough information for her to make an informed decision. Our investigator disagreed, concluding that Oodle hadn't explained the options clearly. He felt that if they had, Mrs F would likely have chosen to Voluntarily Surrender (VS) the car instead, which would have left her with a smaller outstanding balance. Oodle didn't accept this view, stating they had explained all options and were not permitted to give advice. They requested a final decision from 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. I'll explain why.

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 F acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Financial Conduct Authority's Consumer Duty applies here. Although the agreement began before the Duty came into effect on 31 July 2023, the termination discussions took place afterwards—so Oodle was required to meet the Duty's standards during those interactions.

The Duty requires firms to support consumer understanding. It states:

“Consumers are expected to take responsibility for the decisions they make about products and services. To do this, businesses must give them the information they need, at the right time, and presented in a way they can understand. That way they can make informed decisions.”

I've considered whether Oodle met this obligation. Mrs F made it clear during her February 2025 call that she wanted to exit the agreement due to unaffordable repair costs (£1,500–£2,000). Oodle acknowledged this and agreed that repair support wasn't viable.

While Oodle did explain the available options, I found the explanations confusing. VS — which Oodle later accepted would have been the better option for Mrs F—was only mentioned briefly and late in the conversation. Given the significant financial difference between VS and VT, I think the agent should have clearly compared the two options.

Although the agent sent follow-up information, Mrs F quickly chose VT, suggesting she hadn't fully understood or considered the implications. Given the disparity in outcomes, I believe Oodle should have encouraged her to take more time before proceeding.

Putting things right

It seems to me that the most suitable option for Mrs F would have been to pay the early settlement figure, as there was only a small amount left on the agreement (£866.73). This would likely have had a neutral impact on her credit file, and most importantly, it would have reduced her financial burden—which was her main concern.

Since the car has already been sold at auction for £400, I think it's fair for Oodle to now hold Mrs F responsible only for the remaining balance that would have been due under the early settlement option. That amount is £466.73.

My final decision

For the reasons I've given above, I uphold this complaint and tell Oodle Financial Services Limited to allow Mrs F to settle the balance on her agreement for £466.73.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 9 December 2025.

Phillip McMahon
Ombudsman