

The complaint

Mr G is unhappy that Honda Finance Europe Plc delayed in approving his application for car finance, which resulted in him losing out on a deposit contribution and a preferential interest rate.

What happened

Mr G had an existing car finance agreement with Honda, which was due to expire in May 2025. He visited a dealership in January 2025, with a view to replacing his car and taking out a new agreement with Honda. He completed a finance application for a deal at an interest rate of 4.9%, which included a £4,000 deposit contribution. This deal required the car to be delivered and registered no later than 31 March 2025.

Honda declined Mr G's application for finance on 13 January 2025, due to adverse information on his credit file. He appealed the decline the same day, and Honda reviewed their decision. On 21 January 2025 the appeal was declined. Mr G contacted Honda again on 18 February 2025 to discuss his options. However, they couldn't reconsider his application based on his credit profile.

A new application for finance was submitted on 20 March 2025, which was again declined by Honda. Mr G contacted Honda on 31 March 2025 to appeal this decision, and Honda sent him an Open Banking request the following day to allow them to view all his financial details. After reviewing these, Honda still had concerns and escalated the matter for a higher-level decision. Honda acknowledge there was a delay in conducting this review, and on 12 May 2025 they approved a finance application.

The finance was approved with an interest rate of 6.9% and, due to the expiry of the original deal, the dealership was only able to offer a £3,000 deposit contribution. Unhappy with this, Mr G complained to Honda, who didn't uphold his complaint. So, he brought the matter to the Financial Ombudsman Service for investigation.

Our investigator felt that Honda had acted reasonably by declining Mr G's applications, as they didn't meet their lending criteria. And, while there was a delay in dealing with the appeal Mr G raised on 31 May 2025, even if this hadn't happened the original deal would've expired before the finance was approved. So, they didn't think Honda needed to do anything more.

Mr G didn't accept the investigator's opinion. He said that Honda took from 20 March to 1 April 2025 to contact him and had they acted quicker he could've taken the car at the lower interest rate with the higher deposit contribution. He didn't think Honda offered him the appeal process soon enough, kept him updated, or returned any of the calls he'd made.

Because Mr G didn't agree, this matter has been passed to me to decide.

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. Mr G was supplied with a car under a regulated consumer credit agreement which means we're able to investigate complaints about it.

When Mr G first applied for finance on 13 January 2025, Honda declined this as it didn't fit their lending criteria. I can see they explained this to him in a call the same day and I don't think Honda did anything wrong by making the decision they did. When Mr G reapplied on 18 February 2025, the issues with his credit file remained, so, even if they had told him he could appeal at this point, the most likely outcome would still be a decline. So, again, I don't think Honda did anything wrong here.

It wasn't until Mr G made the application on 20 March 2025 that Honda's notes confirm the credit file issues had now been resolved. However, the application still didn't fit Honda's lending criteria, so it was again declined. Their reasons for decline link with their lending criteria, and are therefore commercially sensitive, so I can't detail it here. However, I have seen these reasons, and I'm satisfied that Honda were still acting reasonably by not providing Mr G with finance at this stage. As such, I don't think it would've been reasonable for Honda to invite Mr G to appeal the decision at this point.

Mr G did appeal the decision on 31 March 2025 – the day the interest rate and deposit contribution offer he wanted expired. I've reviewed the time taken for the appeals process, stripping out Honda's delays. Having done this, I'm satisfied it took around 12 days for Honda to review the appeal and decide to agree the finance.

Honda are under no obligation to deal with appeals in a fixed time period, and I don't think 12 days is so unreasonable that it means Honda are unnecessarily delaying the process. Given this, and that Mr G's credit file issues weren't sorted until he reapplied on 20 March 2025, even if Honda had started the appeal process on that day, it's highly unlikely the finance would've been approved, the car registered, and delivered to Mr G, by the deadline date of 31 March 2025.

Therefore, and while I appreciate this will come as a disappointment to Mr G, I don't think Honda's actions caused him to lose out on an interest rate/deposit contribution deal that he would otherwise have been able to take. And, while Honda could've kept Mr G updated as to his appeal, and dealt with it faster than they did, for the reasons given this wouldn't have made any difference to the overall deal he was offered by the dealership. So, I won't be asking Honda to do anything more.

My final decision

For the reasons explained, I don't uphold Mr G's complaint about Honda Finance Europe Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 March 2026.

Andrew Burford
Ombudsman