

The complaint

Mr S complains that Close Brothers Limited refused to give him a refund when it recovered more from his insurers than the amount he'd agreed to pay to settle the agreement.

What happened

In May 2023 Mr S was supplied with a vehicle and entered into a conditional sale agreement with Close Brothers.

In October 2023 Mr S was involved in an accident which left him unable to work and unable to make monthly payments towards the agreement.

The agreement fell into arrears and was defaulted. Close Brothers passed the debt to a debt collection agency. Mr S reached an agreement with the debt collection agency to pay £2500 in settlement of the outstanding balance.

Mr S's insurer subsequently made a settlement payment to Close Brothers for around £4600.

Mr S doesn't think that Close Brothers should retain any monies above the £2500 he agreed. He wants a refund of the balance.

Close Brothers didn't uphold the complaint. It said that no refund was due because the outstanding balance under the agreement was £4600.

Mr S remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. She said that Close Brothers hadn't acted unfairly or done anything wrong.

Mr S didn't agree so I've been asked to review the complaint.

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 know it will disappoint Mr S, but I agree with the investigator's opinion. I'll explain why.

I've reviewed the terms and conditions of the agreement. Mr S borrowed £5,495 and agreed to repay by monthly payments of £159.68 over 4 years. The total sum repayable (including interest) was £12,67.64.

It's not in dispute that as a result of the accident, Mr S's account fell into arrears and was defaulted. At the time the account was defaulted the outstanding balance was around £4,900. The debt was passed to a debt collection agency.

I've reviewed the correspondence between Mr S and the debt collection agency. Mr S

received an email confirming a settlement figure of £2500. Mr S has told this service that his insurer was ready to make a payment to Close Brothers, and he sent a copy of the email from the debt collection agency to his insurer.

I understand that Mr S feels very strongly about this. He believes that he agreed a full and final settlement of £2500 which meant that Close Brothers shouldn't have asked for more than this.

I've thought about this, but I don't think Close Brothers has done anything wrong. The balance on Mr S's account was significantly more than £2500. And although Mr S may have compromised the debt as between himself and the debt collection agency for £2500, this wasn't a full and final settlement or an early settlement and therefore didn't extinguish the outstanding balance. Close Brothers was entitled to seek the outstanding balance from the insurer.

I appreciate that Mr S doesn't think that Close Brothers should have discussed the outstanding balance due under his agreement with his insurer. However, the terms and conditions of the agreement state that Close Brothers can negotiate with insurers to settle any insurance claims and receive insurance monies, Mr S agreed to these terms and conditions when he entered into the agreement.

Having reviewed everything, I'm unable to say that Close Brothers has made an error or treated Mr S unfairly. I won't be asking it to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 January 2026.

Emma Davy
Ombudsman