

## **The complaint**

Mr M is unhappy that Volkswagen Financial Services (UK) Limited ('VWFS') issued a non-remedial default notice.

## **What happened**

The parties are familiar with the background details of this complaint – so I will briefly summarise them here.

Mr M entered into a hire purchase agreement for a used car in July 2024. Mr M had missed several repayments and so payment arrangements had been agreed between Mr M and VWFS with the intention of clearing the arrears that had built up on the account.

However, in July 2025, the vehicle was seized by the police. This action took place because Mr M's driving licence had been revoked, and as a direct consequence his motor insurance had been invalid. Following the seizure, in August 2025, VWFS issued Mr M with a non-remedial default notice. This notice informed him that, due to the seizure of the vehicle, he was in breach of the finance agreement, and the contract would be terminated. Because it was a non-remedial notice, Mr M was not given an opportunity to correct the breach.

Mr M complained to VWFS. He argued that it was unfair for it to issue a non-remedial default notice and that alternatively it should have offered him a reasonable opportunity to rectify the situation. VWFS responded to the complaint in September 2025. It stated that the terms and conditions of the agreement had been breached as a result of the vehicle being seized by the authorities, and because this type of breach could not be remedied, it maintained that the default notice had been correctly issued.

Dissatisfied with the response Mr M escalated the complaint to our service. Our Investigator looked into things and didn't uphold the complaint. Both parties have had the opportunity to review these findings in full, so I won't repeat them here.

As an agreement couldn't be reached Mr M has requested the complaint be passed to an ombudsman 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 our Investigator and for broadly the same reasons. I know this will come as a disappointment to Mr M, but I will explain my reasons below.

I trust Mr M will not take the fact that my findings focus on what I consider to be the central issue as a discourtesy. The purpose of my decision isn't to address every point raised but to set out my conclusions and reasons for reaching them.

This reflects the nature of our service as an informal alternative to the courts. If there's

something I've not mentioned, it isn't because I've ignored it. I haven't, I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Mr M explained that the vehicle's seizure was not something within his control and that he was in the process of seeking legal advice related to administrative errors by a third party, which he believed directly contributed to the most recent seizure.

I have carefully reviewed the non-remedial default notice which VWFS issued on the basis of a contractual breach. To understand whether VWFS were justified in taking this action, amongst other things it is necessary to consider the terms and conditions of the finance agreement. The agreement states, under the section relating to the care and use of the vehicle:

### *3. Care and Use of the Vehicle*

#### *3.1 While we own the vehicle, you must:*

*"Not allow the Vehicle to be seized or distrained upon or made subject to any lien or court enforcement by a third party."*

This clause makes it clear that, under the terms of the agreement, the vehicle being seized by the authorities constitutes a breach of contract. Although the agreement does not specify that the breach must occur only once, I note that the vehicle had previously been seized, and VWFS had issued another default notice in relation to that earlier incident. Taking this into account, I consider it reasonable that VWFS is now treating this subsequent seizure as part of an ongoing pattern of breaches which justify the non-remedial default notice.

It is also important to acknowledge that the agreement does not indicate that VWFS are required to offer remedial steps for every breach. Even so, had there been a feasible remedy available, it would have been fair to expect VWFS to consider offering one within a reasonable timeframe. In this instance, however, VWFS had already issued multiple default notices, limiting the scope for further remedial options.

Mr M has stated that he was unaware that his driving licence had been revoked since which in turn meant that his insurance had been invalid for the same period. He also explained that he was seeking legal redress concerning the errors by the authorities that he believed led to the licence revocation and subsequent vehicle seizure.

While I recognise that these issues may be relevant in proceedings between Mr M and third parties involved, it would not be appropriate for me to take a position on those matters when assessing the complaint.

The agreement does not require VWFS to determine whether the seizure was justified, only that it occurred. Therefore, although I acknowledge that Mr M feels the breach was outside of his control, I cannot conclude that VWFS acted unfairly by relying on this clause.

I also appreciate his belief that the most recent seizure of the car happened through no fault of his own. Nevertheless, I cannot identify any reasonable remedial action VWFS could have taken to address this specific breach. Mr M also informed VWFS that he was resolving his licence issue through the courts which may take up to six months. Even if VWFS had reinstated the vehicle during this period, the fact remains that he would still have been unable to legally drive it, meaning the breach would have continued.

VWFS has previously issued four separate default notices over the span of around 12

months. These notices related to various issues, including repeated vehicle seizures, failure to insure the vehicle, and missed payments.

VWFS has a duty to manage foreseeable risks and ensure that the contract is being upheld. Ongoing arrears, missed payments, and repeated enforcement actions combined with the fact that Mr M had been several months in arrears at the time of the latest seizure placed VWFS in a challenging position.

Although Mr M had entered into a payment arrangement, the overall repayment history suggests that further default notices were likely, unless significant changes occurred. It is therefore understandable that VWFS felt further intervention would be necessary to manage the risk of continued arrears and non-compliance with the terms of the agreement.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 January 2026.

Rajvinder Phaiser  
**Ombudsman**