

## **The complaint**

Miss L complains that Hyundai Capital UK Limited trading as Hyundai Finance (Hyundai) have been unreasonable not to allow her to refinance a balloon payment.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss L took receipt of a used car in March 2021. She financed the car through a Conditional Sale agreement with Hyundai. The agreement required her to pay 48 monthly instalments of £170.14 followed by a payment of £4,801 (the 'balloon payment') after which ownership of the car would transfer to Miss L.

Miss L was unhappy that at the end of the agreement Hyundai wouldn't offer her an option to refinance the balloon payment. Hyundai rejected the complaint as they said the agreement did not include an option to refinance and that as Miss L had fallen into arrears they wouldn't consider refinancing as that wouldn't be responsible.

Miss L referred her complaint to this service but when our investigator didn't think Hyundai had done anything wrong, he asked for a final decision by 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.

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.

Miss L acquired her car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

Under a conditional sale agreement, the final 'balloon payment' is not optional and must be paid in order for ownership of the car to transfer to the consumer. However, the agreement didn't give Miss L any contractual right to refinance or defer that payment.

Allowing the final balance to be refinanced would require Hyundai to provide new lending under a new agreement. Whether to offer further credit is a matter for their commercial judgement, subject to its lending criteria. Miss L has complained that Hyundai suggested

they may be able to offer refinancing but then changed their minds. Hyundai have explained that as Miss L was in arrears at the time they wouldn't have considered advancing further credit of that nature as they think it would be irresponsible to do so. I don't think that is unreasonable.

As the balloon payment remained due and Miss L did not pay it on time, I can't say Hyundai were unreasonable to report adverse information to the credit reference agencies. They have an obligation to report accurate information, and it's not disputed that the balloon payment wasn't paid. As that payment wasn't made, I don't think Hyundai have been unreasonable to charge late payment fees. Miss L has explained that she has continued to make payments towards the agreement but while those payments will reduce the overall balance due, Hyundai don't need to accept that ongoing payment arrangement. The contract was clear, that a final payment of £4,801 was due 49 months after the date of the agreement.

I don't therefore think Hyundai have done anything wrong and I'm not asking them to take any action.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

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

Phillip McMahon  
**Ombudsman**