

The complaint

Mr L complains about the way Toyota Financial Services (UK) PLC (who I'll call TFS) managed arrears on his account.

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.

Mr L took receipt of a used car in June 2022. He financed the deal through a hire purchase agreement. Mr L says that TFS's failure to process direct debits has led to him falling into arrears they've been unable to explain the origin of. In particular he says that in January 2025 he was told he was £53 in arrears and paid the debt only to be told two weeks later that he was over £300 in arrears. He says TFS were unable to explain how those arrears had built up.

Our investigator didn't think TFS had provided prompt explanation of where the arrears had come from, but she noted they'd offered £75 in compensation in respect of the distress and inconvenience caused by that error. She thought that was fair, but she didn't think TFS had made any other mistakes.

Mr L disagreed and asked for a 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. 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.

Mr L acquired his car under a hire purchase agreement, which is a regulated consumer credit agreement. This means our service is able to consider complaints about it.

TFS have explained that when a direct debit collection fails three times it is their practice to suspend it. That's a commercial decision they are entitled to take, and we wouldn't interfere with that. It would seem sensible to me for a business to have some cut off as they wouldn't want to generate excessive returned direct debit fees for their customers.

The direct debits were suspended because previous attempts to collect payments had been returned unpaid. Mr L says there were enough funds in his account at the time and that other payments to different creditors went through successfully. However, he hasn't provided supporting evidence, such as bank statements. Without that, I can't conclude that TFS was at fault for the failed collections. The suspension meant Mr L had to make manual payments, which I accept may have caused confusion about his arrears. Even so, I don't think it would be fair to hold TFS responsible for that confusion, and I've seen no evidence that TFS requested payments that weren't due.

TFS didn't explain how the arrears had built up for some time. They eventually provided a clear explanation in their letter dated 31 July 2025, but this came after several months of uncertainty. In that letter, TFS clarified how the payment of around £53 and the arrears of approximately £300 were calculated in January 2025. However, they missed earlier opportunities to provide this information to Mr L. TFS offered £75 as compensation for the distress and inconvenience caused by the delay. I understand Mr L feels this amount is insufficient, but I've seen no evidence that the arrears were incorrect. It's also important to note that Mr L was responsible for making the contractual payments, and he had not been doing so. Taking everything into account, I consider £75 to be a fair and reasonable amount of compensation for the poor explanation provided by TFS.

I understand that Mr L's arrears have increased while his complaint has been in progress and while he hasn't been making payments. TFS didn't have to suspend the payments that were due on the account while the complaint was in progress so I can't say they have been unreasonable to pursue those arrears.

I understand that Mr L believes he has lost all online visibility of his account. TFS say that isn't the case and our investigator has set up a complaint on Mr L's behalf with TFS so they can provide a response on that new complaint issue. If Mr L remains dissatisfied with the answer they provide, he can subsequently refer that aspect of his complaint to this service.

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 Mr L to accept or reject my decision before 29 December 2025.

Phillip McMahon
Ombudsman