

The complaint

Mr C complains that First Response Finance Limited won't reimburse him for an insurance cancellation charge that he had to pay after he voluntarily terminated the hire purchase agreement under which a car had been supplied to him.

What happened

A used car was supplied to Mr C under a hire purchase agreement with First Response Finance that he electronically signed in September 2023. He voluntarily terminated the hire purchase agreement in September 2025 and the car was collected from him by a third party, acting on behalf of First Response Finance.

Mr C complained to First Response Finance about a £45 charge that he had to pay to cancel his car insurance. He says that he arranged the collection of the car for the last day of the cooling-off period for his insurance, but the collection company failed to turn up and, because of the delay in the car being collected, he couldn't cancel the insurance without penalty.

First Response Finance didn't uphold his complaint. It said that it was Mr C's responsibility to ensure that the car was insured until it was collected, he was informed of that correctly on a phone call and it wasn't liable for the £45 paid to his insurance company. Mr C wasn't satisfied with its response, so referred his complaint to this service.

Mr C's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that First Response Finance isn't responsible for any charges that related to Mr C's insurance and that, although Mr C had booked the collection for the last day of the cooling-off period, the third party wasn't able to collect the car then so it was collected later.

Mr C hasn't accepted the investigator's recommendation, so I've been asked to issue a decision on his complaint. He says, in summary and amongst other things, that:

- he was assured that the collection would be quick so it made him comfortable that there was enough time for the car to be collected before the end of the cooling-off period for his insurance, so he wouldn't be charged the extra £45;
- the collection company only offered him one suitable collection date, which was the last day that he could cancel his insurance without a fee, so he booked the collection but nobody turned up and the car was collected the following day and he was charged £45 to cancel his insurance;
- the only reason that he incurred that charge was because the collection company didn't attend on the agreed date and he doesn't accept that he should carry that cost; and
- he doesn't think that it's fair or consistent with the Consumer Duty, which requires firms to avoid causing foreseeable harm and to act in good faith towards customers, especially vulnerable ones.

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.

Mr C had the right to terminate the hire purchase agreement and a voluntary termination was agreed in September 2025. The hire purchase agreement says:

"You may end this Agreement by taking the steps set out in the notice 'Termination: Your Rights' shown in the Agreement. You must then (at your own expense) return the Vehicle to us together with the registration document and MOT test certificate. You must also pay to us any shortfall to the amount required to exercise your right to terminate"; and: "You must ... Insure the Vehicle at all times".

Mr C says that he booked a collection but the collection company didn't turn up. First Response Finance says that the collection company attempted to collect the car on that date but had to abort the collection as the car: "... was 'no longer running', and had broken down". It says that the collection company had to arrange a specialist recovery, which took place the next day. It says that it hasn't charged Mr C any additional fee for the failed collection or for the condition of the car.

Mr C was responsible for insuring the car until it was collected from him and I'm not persuaded that there's enough evidence to show that First Response Finance has acted incorrectly in connection with the collection of the car from Mr C after he voluntarily terminated the hire purchase agreement. It's clear that Mr C feels strongly that First Response Finance should reimburse him for the £45 cancellation fee that he had to pay, so I appreciate that my decision will be disappointing for him. I've carefully considered all that Mr C has said and provided about his complaint, including the vulnerability that he's described, but I find that it wouldn't be fair or reasonable in these circumstances for me to require First Response Finance to reimburse him for that fee or to take any other action in response to his complaint.

Mr C says that he doesn't think that it's consistent with the Consumer Duty that he should carry that cost. The Consumer Duty requires financial businesses to act to deliver good outcomes for retail customers by acting in good faith, avoiding causing foreseeable harm and enabling and supporting retail customers to pursue their financial objectives. I've carefully considered First Response Finance's obligations under the Consumer Duty and what Mr C has said about the Consumer Duty, but I'm not persuaded that First Response Finance has caused any foreseeable harm to him or that it hasn't acted in good faith towards him. I don't consider that the Consumer Duty requires First Response Finance to take any action in response to Mr C's complaint.

My final decision

My decision is that I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 January 2026.

Jarrold Hastings
Ombudsman