

The complaint

Mr J doesn't think he owes anything else under a finance agreement he has with CREATION CONSUMER FINANCE LIMITED (Creation), he thinks the agreement was mis-sold and that they've been slow to respond.

Mr J has been represented by his mother but for ease, and as Mr J is named on the finance agreement, I will refer only to him in this decision.

What happened

Mr J took receipt of a used car in December 2021. When he was considering selling the car he was told that it was 'finance free'.

He complained to Creation saying they were making unreasonable demands for further payments.

Creation explained that the agreement was a fixed sum loan and that they held no interest in the car as Mr J owned it. But they said he still needed to pay off the loan he'd taken out to pay for the car. When Mr J referred his complaint to this service our investigator thought Creation had accurately explained the situation. He didn't think they needed to do anything else but as Mr J remained dissatisfied his complaint has been referred to me, an ombudsman, to make a decision.

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.

I've considered why Mr J was told the car was 'finance free' when he tried to sell it. The car was funded using a fixed sum loan, not a hire purchase or conditional sale agreement. Under a fixed sum loan, the consumer owns the vehicle outright from the point of purchase, and the finance company never has any ownership interest in the car.

So while the loan itself remains payable, there is no finance recorded against the vehicle and no interest for a prospective buyer or dealer to clear. That explains why the car was described as 'finance free', but it doesn't mean the loan balance is no longer due. The finance agreement was due to run for 60 months with a total to be repaid of £12,724.40 and

Mr J's obligations under the agreement won't end until that loan that was advanced is repaid in full.

I've thought about whether the agreement could be considered to have been misrepresented to Mr J. Misrepresentation is, in very broad terms, a statement of law or of fact, made by one party to a contract to the other, which is untrue, and which materially influenced the other party to enter into the contract. I appreciate that Mr J says he would not have proceeded had he understood the distinction between a fixed sum loan and one where the business retains title (for example a hire purchase agreement), but that doesn't make the information given incorrect or misleading. It reflects a misunderstanding of the product, rather than a misrepresentation by the business and I'm not persuaded there has therefore been a misrepresentation.

I've considered whether Creation's response could have been considered so late as to warrant compensation. I don't think that was the case here. In June 2025 after the direct debit had been cancelled, they informed Mr J that a balance remained outstanding. When a consumer complains to a business the Financial Conduct Authority (FCA) expect them to respond within eight weeks, and Creation responded in eight weeks and a day. They correctly advised that under a fixed sum loan they did not hold an interest in the car. I think that provided a reasonable explanation and I don't think the delay was so excessive to warrant any compensation.

Ultimately, I don't think Creation have done anything wrong here.

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 J to accept or reject my decision before 4 March 2026.

Phillip McMahon
Ombudsman