

## **The complaint**

Ms B complains that Tandem Motor Finance Limited trading as Tandem refused to continue to finance a vehicle supplied to her under a hire purchase agreement following the vehicle being declared a write off by her insurance provider.

## **What happened**

In May 2025 Ms B was supplied with a car and entered into a hire purchase agreement with Tandem. The agreement was for a term of 60 months with monthly repayments of £494.80. The total sum repayable was £30,698.

The vehicle was subsequently deemed a write off by Ms B's insurance provider. Ms B contacted Tandem on 1 October 2025 and explained that she had obtained a settlement figure for the agreement and that her insurance provider was looking to pay a sum which would cover some of the settlement figure, but that the insurance pay out wasn't enough to settle the agreement.

Ms B asked whether Tandem would allow her to retain the vehicle and continue with the finance agreement. The Tandem agent advised Ms B that they were unable to finance a written off vehicle. The agent explained that the insurance pay out would need to come to Tandem and that Ms B would be liable for any outstanding balance under the agreement. The agent advised Ms B that once the agreement had been settled in full, she may be able to get the vehicle through the insurance provider, as the vehicle would belong to the insurance provider once Tandem had received the pay out.

Ms B complained to Tandem. She said she wanted to keep the vehicle and keep paying the finance agreement. Tandem didn't uphold the complaint. In its final response it said that it couldn't finance a vehicle which had been written off and that this wasn't something that it could agree to.

Ms B remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said the agreement made it clear that in the event of an insurance claim, any monies paid by the insurer had to be paid to Tandem, and that if there was a shortfall, Ms B would be liable to pay the amount outstanding under the agreement. The investigator said that Tandem hadn't acted unfairly because it had acted in line with the terms of the agreement.

Ms B didn't agree. She said she'd already paid £4000 towards the agreement, and she didn't think it was fair that Tandem hadn't offered her the option to retain the vehicle. Ms B said the insurance pay out was £17,000 less a £5,500 salvage deduction which left £11,500 payable to Tandem. Ms B said she was willing and able to pay the remaining balance to Tandem in order to retain the vehicle, but Tandem refused to allow her to continue the finance agreement in order to do this.

Because Ms B didn't agree I've been asked to review the complaint.

## **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 know it will disappoint Ms B but I agree with the investigator's opinion. I'll explain why.

I've reviewed all the available information, and I've listened to all the available calls between Ms B and Tandem.

I can see from the settlement quote provided on 26 September 2025 that the amount required to settle the agreement was £18,045.28.

Ms B has said that her insurance provider offered a pay out of £17,000 with an option for her to retain the salvage for £5,500.

I appreciate that Ms B wanted to retain the vehicle. Her proposal was that she would retain the vehicle, the insurance payout of £11,500 would be paid to Tandem and the balance remaining under the agreement would be financed until she had paid the agreement in full.

I've reviewed the hire purchase agreement. This sets out what should happen in the event of the vehicle being lost or damaged. It says that any insurance pay out must be paid to Tandem and that if there is a shortfall on the amount owed under the agreement this must be paid by Ms B. So under the agreement, the full insurance pay out of £17,000 should have been paid to Tandem.

I understand why Ms B feels that Tandem should've accepted her proposal. However, there's nothing in the agreement which obliges Tandem to accept an alternative to receiving the full insurance pay out. Tandem explained to Ms B that it wouldn't finance a vehicle that had been written off. And Ms B's proposal was based on Tandem refinancing the remaining balance under the agreement. In the circumstances, I don't think Tandem acted unfairly or unreasonably when it refused Ms B's proposal.

If Ms B had been able to settle the agreement with a combination of the insurance pay out and her own funds, then it's possible that she might have been able to buy back the vehicle from Tandem. But in this case, Ms B was reliant on Tandem continuing the agreement after it had received the insurance pay out, because the insurance pay out wasn't enough to clear the balance under the agreement. This wasn't in line with Tandem's policy on financing written off vehicles. This service isn't able to require a business to change its policy, but we can look at whether the policy has been applied fairly. Based on what I've seen, I haven't found any evidence to suggest that Tandem made an error, or that it treated Ms B unfairly or unreasonably.

I appreciate that Ms B has made payments under the agreement and that she feels that she's suffered a loss. Unfortunately, it's sometimes the case that insurance pay outs don't cover the amount required to settle the loan, and where the payout is less than the remaining loan balance, the consumer is liable for the shortfall (unless they hold GAP insurance).

For the reasons I've explained I'm unable to uphold the complaint.

## **My final decision**

My final decision is that I'm unable to uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 16 February 2026.

Emma Davy  
**Ombudsman**