

The complaint

Mrs C complains that Toyota Financial Services (UK) PLC (“TFS”) failed to act fairly and reasonably towards her when entering into a hire purchase agreement with her.

She complained that TFS didn’t disclose the commission it paid to the motor dealer that introduced her business. She said she may have made a different decision if she’d been made aware of the commission and was deprived of the opportunity to do so.

What happened

Mrs C complained about a number of credit agreements with TFS in both her and her husband’s name. Our service has considered these separately. This decision relates to the agreement she entered into in August 2018.

In August 2018, Mrs C sought finance in order to acquire a brand-new car. The purchase price of the car was £25,460.00. Mrs C paid a cash deposit of £250.00 and received a further £2,447.75 as a result of part-exchanging her existing car. Mrs C also acquired this new car at a time where TFS was offering a deposit contribution of £1,250.00. All of this meant that she required finance for the remaining £21,512.25 and after TFS accepted her application she entered into a hire purchase agreement with it for this amount.

The agreement had a term of 42 months and was free of interest and fees. This meant that £21,512.25 was due to be paid in a first monthly payment of £296.75, then 40 monthly payments of £296.95, followed by an optional final payment of £9,337.50 which Mrs C would have to pay if she wanted to keep the car.

One of our investigators considered this complaint and thought TFS hadn’t treated Mrs C unfairly when entering into this hire purchase with her. So they didn’t recommend that Mrs C’s complaint should be upheld.

Mrs C disagreed with our investigator and the complaint was passed to an ombudsman for a final 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.

Having carefully considered everything, I’ve decided not to uphold Mrs C’s complaint. I’ll explain why in a little more detail.

TFS has provided our service with evidence confirming it paid Mrs C’s motor dealer £250.00 in commission for introducing her business. Mrs C’s complaint is that she wasn’t told about this commission and she said this meant there were a number of breaches of the applicable regulations. Mrs C’s complaint is essentially that she lost out financially because of the £250.00 commission payment that TFS made.

I've reviewed a copy of Mrs C's hire purchase agreement which shows the interest rate and APR is 0%. This means the total cost of the credit was £0.00. As Mrs C was provided with interest-free credit, I'm satisfied that even if TFS did pay the broker an undisclosed commission, or there was a tied arrangement between it and the broker, I think it unlikely (and less likely than not) that Mrs C would have acted any differently had this been disclosed to her at the time.

In reaching my conclusions, I've considered Mrs C's comments regarding the Supreme Court's judgment in *Johnson* and what she has said about the Financial Conduct Authority's ("FCA") proposed redress scheme. I've also thought about what she has said about being overcharged and being deprived of the opportunity to seek a cheaper alternative.

Mrs C is correct to say the Supreme Court held, in *Johnson*, that an undisclosed commission could result in the lending relationship between the creditor and the debtor being unfair to the debtor under Section 140A of the Consumer Credit Act 1974. However, I think the Supreme Court made it clear that whether the relationship between the creditor and the debtor was in fact unfair to the debtor wasn't solely down to whether any commission had been hidden. Whether or not an undisclosed commission results in an unfair relationship depends on a number of factors. These factors, among other things, included the size of the commission when compared to the amount borrowed and the cost of the credit.

In this case, I think it's very unlikely that any undisclosed commission of £250.00, which was a very small proportion of the amount borrowed, would have been a major consideration in Mrs C's mind, in circumstances where the credit was interest free and Mrs C was also receiving a deposit contribution of £1,250.00. In these circumstances, I'm not persuaded that Mrs C would have thought a £250.00 commission was leading to her being overcharged – or that it would've likely been possible to find better finance terms elsewhere. So I don't think that any failure to disclose the commission meant the lending relationship between TFS and Mrs C was unfair to Mrs C.

I've thought about what Mrs C has said about all of her and her husband's agreements being considered together to get a full understanding of her complaint. While I appreciate what Mrs C has said, the agreement being considered here isn't a related agreement for the purposes of the Consumer Credit Act 1974. I'm satisfied that looking at this agreement on its own is correct when considering the potential unfairness in the lending relationship between TFS and Mrs C.

Mrs C also argued she should be paid £700.00, as this is the estimated average redress amount in the FCA's redress scheme. However, the FCA's redress scheme is currently only a proposal and is not finalised. Equally, the FCA has been clear that not all claims would succeed under its proposed scheme – meaning not all consumers would receive redress.

In any event, and most importantly, my role here is to determine what's fair and reasonable in all the circumstances of Mrs C's complaint. I'm satisfied Mrs C didn't suffer a financial loss as a result of TFS providing her with this interest-free hire purchase agreement. The fact that some consumers may go on to have a successful claim in the FCA's proposed redress scheme, because of it being determined that they suffered a financial loss, and may receive an average redress payout of £700.00, doesn't alter the fact that I'm satisfied Mrs C didn't lose out in this particular case. So her arguments about the FCA's proposed redress scheme don't persuade me to change my decision.

Overall and having carefully considered everything, I've not been persuaded to uphold Mrs C's complaint. I appreciate that this will be disappointing for her. But I hope she'll understand the reasons for my decision and at least consider that her concerns have been listened to.

My final decision

My final decision is that I'm not upholding Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 25 February 2026.

Scott Walker
Ombudsman