

## **The complaint**

Mr W complains that a car acquired through a hire purchase agreement with Zopa Bank Limited (ZBL) was misrepresented to him.

## **What happened**

In January 2025, Mr W entered into a hire purchase agreement with ZBL to acquire a used car. The car was just over seven years old and had travelled around 70,000 miles as listed on the agreement.

The cash price of the car was £13,995.00 with a deposit of £7,000.00 being paid. The total amount payable on the agreement was £16,170.07 to be repaid by 48 payments of £191.04. Mr W explains that as he obtained a courtesy car through work, he no longer needed the car obtained under the agreement and went about selling it.

Mr W explained obtained a valuation from an online platform for around £9,000.00 and booked an appointment to take the vehicle for sale. At the appointment, Mr W explains he was asked if he was aware of the marker on the vehicle, to which he said he wasn't Mr W then explained the sale price offered was very significantly reduced to around £3,000.00 due to the history uncovered about the vehicle being marked as salvaged.

At the appointment, Mr W was shown a copy of the report, and obtained a copy himself that shows the vehicle marker. Mr W also mentioned he was offered £10,000.00 for his vehicle with another dealer, but the offer was retracted when the history was discovered.

As Mr W was unhappy with this not being disclosed when buying the vehicle, he complained to ZBL. Mr W stated he would not have bought the vehicle had he have known about its history due to it affecting the future value. ZBL did not uphold the complaint. In its final response, ZBL explained the dealership had no obligation to disclose the information Mr W had found about the vehicle, and that a salvage marker does not make a vehicle automatically unfit for sale.

Mr W disagreed with this and brought his complaint to the Financial Ombudsman Service where it was passed to one of our investigators. The investigator upheld the complaint. They explained that there was information readily available to the dealership that ought to have been identified and disclosed to Mr W. Because of this, the investigator explained the fair outcome is for ZBL to take back the vehicle and end the agreement, repaying Mr W's deposit to him alongside an amount for distress and inconvenience caused.

ZBL disagreed with the outcome and supplied some more information. This didn't change the investigator's outcome, and so I've been asked to review the complaint to make 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 done so, I've arrived at broadly the same outcome as the investigator and for broadly the same reasons. I'll explain why below.

I've read and considered the whole file, summarising the complaint above, 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.

Under Section 56 of the Consumer Credit Act, finance providers can be held liable for what the credit broker and seller say about the goods (vehicle) before the regulated credit agreement is entered into by the consumer and before the purchase is made.

This refers to 'antecedent negotiations'. This means if Mr W entered a credit agreement for a vehicle and it turns out something he was told about the agreement by the credit broker, which induced him into entering the contract, was false, the broker can be held responsible for the actions of the broker under certain circumstances. There may also be a case of misrepresentation by omission – where important information about the vehicle hasn't been disclosed, that would likely have made a material difference to Mr W's decision to enter into the agreement.

I've seen information to show that this vehicle does have information referred to as a "salvage marker" and a POCTRA report on the vehicle. I've also seen an online check showing alerts for auction and salvage history.

ZBL are not wrong in saying that just because a vehicle has been marked as having salvage history this does not automatically make it unfit for purpose. However, this is important information that Mr W needed to know, to be able to make an informed decision about the car and agreement he was proceeding with.

I say this because the marker is likely to affect the future value of the vehicle. Mr W has explained he was provided with a significantly reduced sale price once the history was known, and states this reduced further still. I've seen the terms of the platform, and these do state that any salvage history can reduce the final valuation. Mr W also explains an offer to purchase the vehicle was retracted by another dealer.

I have no reason to doubt what Mr W has said, as he was looking to sell the vehicle due to not needing it anymore. His actions appear consistent with a customer looking to achieve a fair sale price but has been unable to due to the history of the vehicle.

In this case, I've not seen anything that shows the dealership or ZBL made a false statement of fact that the vehicle had no salvage history. However, like the investigator explained, I do consider that there has been a misrepresentation by omission, and that this induced Mr W into entering into the agreement to acquire the vehicle, where he would likely have not done so if the information was made clear to him.

I say this because I've seen information appearing to show the vehicle being worth less once the nature of the vehicle's history is taken into account. Mr W also explains that a dealership refused to purchase the vehicle due to the same reason. I find it plausible that a reasonable person agreeing to pay the amount Mr W did for a vehicle would want to know if the vehicle had any history noted that could reduce the future value of it. ZBL have explained that the dealership conducted a HPI check that did not show the vehicle's history and so weren't aware of it.

However, other agents appear to have discovered the information and I have nothing to show this was particularly difficult for them to obtain, and so I'm persuaded that the dealership and by extension ZBL could have been aware of the vehicle's history, and should have disclosed this to Mr W.

This misrepresentation may well not have been deliberate, but there was significant information missing that should have been disclosed to Mr W.

I'm persuaded that Mr W would not have entered into the agreement had he known the car's history.

### **Putting things right**

As I've concluded the complaint should be upheld, it is reasonable that ZBL take action to put things right.

In this case, as the vehicle was misrepresented to Mr W, and is likely to be worth significantly less than an equivalent vehicle without the same history, it is fair that Mr W is allowed to hand back the vehicle with ZBL ending the agreement with nothing further to pay in relation to the monthly payments.

ZBL should arrange to collect the vehicle at no cost to Mr W, and reimburse him his deposit payment. ZBL is entitled to retain any part of the advance payment made up of dealer contributions if applicable.

Mr W has had use of the vehicle, and it is fair that he pays for that usage. As such, it is fair that ZBL retains the monthly payments that have been made towards the agreement. I also considered if a payment for distress and inconvenience was relevant in this case. Mr W will have suffered inconvenience when dealing with these issues, and trying to sell his vehicle, whilst being unable to, and will have been concerned about the vehicle's history and potential value. Because of the misrepresentation, it is fair that ZBL pay Mr W £150 to reflect the distress and inconvenience caused.

### **My final decision**

For the reasons given above, I intend to uphold this complaint and direct Zopa Bank Limited to do the following:

- End the agreement and collect the vehicle as outlined above
- Reimburse Mr W's deposit payment as outlined above.
- Add 8% simple interest\* per year to all refunded amounts, from the date of each payment to the date of settlement.
- Pay Mr W £150 for distress and inconvenience.
- Remove any adverse information about the agreement recorded on Mr W's credit file if applicable.

\*HM Revenue & Customs requires Zopa Bank Limited to deduct tax from the interest amount. Zopa Bank Limited should give Mr W a certificate showing how much tax it has deducted if he asks for one. Mr W can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 April 2026.

Jack Evans  
**Ombudsman**