

## **Complaint**

Mr S complains that Toyota Financial Services (UK) PLC ("Toyota FS") failed to act fairly and reasonably towards him when entering into a hire-purchase agreement with him.

He's said that that Toyota FS failed to disclose the commission that it paid to the motor dealer that introduced his business and that this created an unfair relationship because of the impact this had on the interest he had to pay.

Mr S has used a representative to make his complaint. For ease of reference, I'll refer to Mr S throughout this final decision.

## **Background**

In June 2017, sought finance in order to acquire a brand-new car. The purchase price of the car was £11,059.50. Mr S paid a deposit of £2.66 (which was what he was left with once what he received for his existing car had repaid the balance on that finance agreement) and entered into a hire-purchase agreement with Toyota FS for the remaining £11,050.84.

The agreement had a term of 42 months and was interest and fee free. This meant that £11,056.84 was due to be paid in a first monthly instalment of £156.64, followed by 40 monthly instalments of £156.63 and then an optional final payment of £4,635.50 which Mr S needed to make if he wished to exercise his option to keep the car at the end of the agreement.

Mr S' complaint was considered by one of our investigators. She didn't think that Toyota FS had done anything wrong or treated Mr S unfairly when entering into this hire-purchase with him. So she didn't recommend that Mr S' complaint should be upheld.

Mr S disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

## **My findings**

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 Mr S' complaint. I'll explain why in a little more detail.

Toyota FS has provided evidence to show that it paid Mr S' motor dealer a commission of £250 for introducing his business. I know that Mr S has said that he wasn't told about this commission and referred to a number of breaches of the regulations. In effect, Mr S' complaint is essentially that he lost out financially because of the £250 commission payment that Toyota FS paid.

I've also been provided with a copy of Mr S' hire-purchase agreement. Having reviewed it, I can see that the interest rate on it is 0%, as is the APR. The total charge for the credit is also

£0. As Mr S was provided with interest free credit, I'm satisfied that even if Toyota FS 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 Mr S would have acted any differently had this been disclosed to him at the time.

In reaching my conclusions, I've noted that Mr S has said that the motor dealer used the "0% best deal" narrative to refuse to discount the car and that the evidence, in the form of his most recent submission, now directly contradicts the assumption that disclosure of the commission wouldn't have changed anything. However, I'm not persuaded by Mr S' arguments for a number of reasons.

Firstly, I note Mr S' allegation that the 0% best deal narrative was used to refuse to discount the car was never made to Toyota FS in his initial complaint. Mr S' complaint has always been that the commission impacted the cost of his hire-purchase agreement, even though he signed the hire purchase agreement which he will have also been provided with a copy of and so he will have known that the credit was interest free.

Secondly, Mr S' most recent submissions are not as persuasive as he argues. I say this because Mr S' complaint is that the commission wasn't disclosed to him. Yet in his most recent submission to his representative, in response to its question asking "Did anyone ever explain to you that the dealer/broker was being paid by Toyota FS for introducing you, or that they might have targets/bonuses for selling that finance?", Mr S answers "Yes but they put it across as it was part of the service". This response appears to suggest that the broker did tell Mr S it would be paid commission by Toyota FS.

As this is the case, I don't think that it unfair to say part of Mr S' most recent submission not only directly contradicts other parts of it, it also directly contradicts his complaint. This is even if this may have been done in the course of Mr S trying his best to answer his representative's questions. The fact that Mr S' submissions are inconsistent isn't surprising as Mr S' representative asked him to hypothesize about what he might or might not have done, had the commission been disclosed a number of years later and in support of a claim for compensation.

But Mr S' inconsistency does mean that other than allowing for the possibility that Mr S, might as he now says have done something different, I place little weight on his most recent submission. I certainly do not consider his representations to be strong and persuasive evidence of the fact that the commission being disclosed, would have changed what he did.

I also think that that it would be helpful for me to explain that my role here is to determine what is more likely than not to be the case, not what is merely possible. Mr S' most recent assertion that he could have asked for the price of the car to be reduced, doesn't in itself mean that the motor dealer would more likely than not have agreed to reduce the price of the brand-new vehicle Mr S purchased, in circumstances where Mr S knew that Toyota FS would pay it £250 in commission.

Indeed, part of Mr S' evidence is that the motor dealer had already told him that it wasn't prepared to reduce the price of the car. I don't think that it follows that the motor dealer would have changed its mind, if Mr S knew it was receiving £250 in commission from Toyota FS. In my view, it's just as – if not more - likely that the motor dealer would have said that it wasn't prepared to reduce the price of the car, in circumstances where Mr S says it had already refused such a request from him.

In circumstances where the credit was interest free, I think it's very unlikely that the commission of £250 which was a very small proportion of the amount Mr S borrowed would have been a major consideration in Mr S' mind. This is especially as it simply wasn't possible

for him to obtain finance on better terms than 0%. I've not been provided with anything persuasive to indicate that Mr S knowing about the commission would have resulted him seeking a different car elsewhere, if the broker didn't reduce the price of the vehicle he'd chosen, as he now says either.

Bearing all of this in mind, I'm not persuaded that Mr S suffered a financial loss as a result of Toyota FS providing him with this 0% APR or interest free hire-purchase agreement, or that any failure to disclose the commission meant that the lending relationship between Toyota FS and Mr S was unfair to Mr S.

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

### **My final decision**

My final decision is that I'm not upholding Mr S' complaint.

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

Jeshen Narayanan  
**Ombudsman**