

The complaint

Mr G complains about the figure MI Vehicle Finance Limited (MI Finance) provided for him to settle his car finance agreement.

What happened

Mr G complained to MI Finance about the interest rebate they had suggested would be applicable if he chose to return a car he had been financing through a hire purchase agreement with them.

He was dissatisfied with MI Finance's response but when he referred his complaint to this service our investigator didn't think they'd done anything wrong.

Mr G remained dissatisfied, and he asked for a final decision by an ombudsman. He acknowledged that MI Finance had calculated the rebate correctly but said they hadn't been transparent or fair as they'd not explained in the finance agreement how that was to be done. He said he wouldn't have proceeded had he known how the rebate would be calculated and the fact the calculation wasn't shown in the finance agreement created an unfair relationship contrary to section 140A of the Consumer Credit Act (1974). He said that MI Finance's response to his complaint was rushed and lacked any explanation of the methodology they'd used and that as he hadn't been able to resolve the issue, he had continued to make payments towards the agreement and was therefore incurring costs he wouldn't have if the terms had been more transparent.

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.

Mr G acquired his car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

I've looked at the hire purchase agreement. This states at the top that it is regulated by The Consumer Credit Act 1974.

I've considered Mr G's concern that the finance agreement didn't explain how any rebate of interest would be calculated if the agreement was settled early. I'm satisfied the agreement made clear to Mr G that he had a right to settle the agreement early and that, if he did so, an appropriate rebate of future interest would be applied. The method for calculating that rebate isn't a matter of contractual choice but is prescribed by law under the Consumer Credit (Early Settlement) Regulations 2004. I don't think it would be reasonable or necessary to expect the agreement to set out the detailed calculation methodology itself; it's technical, complex, and unlikely to assist most consumers. What matters is whether the settlement figure provided was calculated in line with the statutory requirements, and I've seen no evidence that it wasn't. In those circumstances, I don't consider MI Finance acted unfairly by not explaining the detailed calculation method in the agreement. For those reasons, I don't think a court would consider the absence of the rebate calculation in the agreement as creating an unfair relationship under section 140A of the Consumer Credit Act.

MI Finance didn't explain the calculation in their final response to Mr G either but the rebate letter they had already provided did explain that the calculation had been made using the methodology in the Consumer Credit (Early Settlement) Regulations 2004 and I think that was sufficient for Mr G to be able to reference that.

I don't think MI Finance acted unreasonably in this matter. The settlement figure and interest rebate were calculated in line with the legal requirements under the Consumer Credit (Early Settlement) Regulations 2004. Because of this, the rebate Mr G hoped to receive was never something MI Finance could offer outside those rules. Therefore, I can't say that continuing to make payments caused a loss that MI Finance is responsible for.

Overall, I'm not asking MI Finance to take any action.

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 G to accept or reject my decision before 10 February 2026.

Phillip McMahon
Ombudsman