

The complaint

Mr K complains that JBR Capital Limited trading as JBR Capital (who I'll call JBR) misrepresented a finance agreement to him.

What happened

I issued a provisional decision on this complaint in December 2025. An extract from that provisional decision is set out below.

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In January 2023 Mr K entered into a finance agreement with JBR to fund a car. He complained to them in May 2025 when he realised that what he thought was an optional final payment of £38,553.43 to take ownership of the car was actually a compulsory final payment.

JBR explained that Mr K had entered into a hire purchase agreement and the Final Basic Rental (FBR) listed on the agreement wasn't optional. They thought the contract Mr K had signed with them was clear and they didn't agree that it had been misrepresented to him. Mr K referred his complaint to this service and our investigator thought the broker's quotation could have been clearer and suggested there would be an optional balloon payment. But she thought the finance agreement Mr K eventually signed did make it clear that the FBR was compulsory so she wasn't persuaded JBR were unreasonable to rely on it and she didn't think Mr K's complaint should be upheld.

Mr K disagreed and he asked for a decision by an ombudsman.

What I've provisionally 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 don't currently agree with our investigator's view of this complaint and I'm expecting to uphold it.

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

Misrepresentation is, in very broad terms, a statement of law or of fact, made by one party to a contract to the other, which is untrue, and which materially influenced the other party to enter into the contract.

Section 56 of the Consumer Credit Act (1974) explains that finance providers are liable for what they say and for what is said by a credit broker or a supplier before the consumer takes out the credit agreement.

So if Mr K was told something that was untrue by the broker or by JBR, and if I was persuaded it materially influenced his decision to enter into the finance agreement. I may think the finance agreement had been misrepresented to him and in those circumstances, I'd ask JBR to take some action to put things right for him.

The agreement Mr K entered into with JBR was a type of Hire Purchase agreement called a Lease Purchase where the consumer is expected to purchase the car after a set number of monthly instalments are paid. In contrast many car finance deals are taken out under Personal Contract Purchase agreements where there's a Guaranteed Future Value (GFV) of the car that the consumer has an option to pay at the end of the agreement if they wish to take ownership of it.

I am satisfied the agreement was misrepresented to Mr K. The broker's documentation referred to the final payment as a GFV/Balloon, and I think that gave the impression that the final payment was of the type we would see in a PCP agreement and not the type of agreement JBR were advancing. References to an Option to Purchase Fee (in the broker's final acceptance email and in the finance agreement) and wording suggesting the consumer could return the vehicle (in the Pre-contract Credit Information and in the finance agreement) at the end of the contract, would have led a reasonable consumer to believe the final payment was optional and not mandatory.

JBR have said the Option to Purchase fee was only payable if Mr K chose to keep the car and that he could have returned it and paid the FBR less that £10 fee. The contract said:

"The Option to Purchase Fee of £10.00 is payable with and included in the final instalment. You will not have to pay the Option to Purchase Fee if you do not decide to purchase the vehicle but to return it at the end of the Agreement"

I think referring to an Option to Purchase Fee would create a powerful impression that purchasing was 'optional' as would the suggestion that the car could be returned.

Had JBR provided clear, accurate information, I am satisfied Mr K would not have entered into a lease purchase agreement requiring a mandatory final payment of over £38,000. Instead, I think Mr K would have chosen a PCP or other product that provided an option to return the car at the end of the term. So I think this agreement was misrepresented to Mr K.

To put things right JBR should now allow Mr K to return the car in full and final settlement as long as he's paid all of the monthly instalments that were due. They shouldn't pursue or record any liability for the FBR or associated charges. JBR will need to remove any adverse information they may have reported to Mr K's credit file about this matter, and they should refund any fees, interest or charges that arose because the FBR became due. Mr K will have been distressed and inconvenienced by these issues. He will have been concerned about being able to afford the unexpected final payment and he's had to escalate his complaint to this service when I think it could have been resolved earlier. In the circumstances, I think JBR should pay him £200 in compensation.

My provisional decision

I'm expecting to uphold this complaint and to tell JBR Capital Limited to:

- *Collect the car in full and final settlement if Mr K has paid all monthly instalments or when he has.*
- *Not pursue or record any liability for the Final Basic Rental or associated charges.*
- *Remove any adverse information they have reported to Mr K's credit file about this matter.*
- *Refund any fees, interest or charges that arose because the Final Basic Rental became due.*
- *Pay Mr K £200 to compensate him for the distress and inconvenience caused.*

Mr K subsequently explained that he voluntarily terminated the agreement on 25 November 2025 in order to avoid becoming liable for the FBR. To do so, he said he paid £6,629.19. I explained that I didn't think he would have incurred that expense if the agreement had been clearly and accurately explained at the outset. That changed the redress I was expecting to order, and I said to put things right JBR should:

- Refund £6,629.19, being the amount Mr K paid to voluntarily terminate his agreement. They should add 8% simple interest per year from the date that was paid to the date of settlement, as Mr K has been deprived of the money.
- Not pursue or record any liability for the Final Basic Rental or associated charges.
- Remove any adverse information they have reported to Mr K's credit file about this matter.
- Refund any fees, interest or charges that arose because the Final Basic Rental became due.
- Pay Mr K £200 to compensate him for the distress and inconvenience caused.

I noted that Mr K had also asked for the compensation to be increased because it had taken a long time to get to this point. I explained I was not persuaded to do that as I didn't think there was any additional delay that I could fairly hold JBR responsible for.

The parties' responses to my provisional decision

JBR argued:

1. There was no material inducement.
2. The agreement was clearly a hire purchase agreement and labelled as such.
3. The FBR was contractually mandatory and clearly described.
4. The reference to 'GFV/Balloon' in earlier broker documentation did not alter the legal nature of the agreement.
5. The option to purchase fee related only to the £10 transfer of title, not the FBR.
6. Mr K did not request, qualify for, or evidence any intention to take out a PCP product.
7. The £6,629.19 arose solely from Mr K's statutory right of voluntary termination under sections 99-100 of the Consumer Credit Act (1974) and therefore broke causation.
8. The redress I had proposed was disproportionate and effectively rewrote the agreement.

Mr K said:

1. He had referred to the arrangement as a 'PCP' in writing, evidencing genuine misunderstanding.
2. The precontract and agreement wording about returning the vehicle reinforced that misunderstanding.
3. JBR themselves later refer to the amount as a 'balloon payment'.

4. He only paid the voluntary termination settlement because he believed he faced a mandatory £38,000 liability.
5. But for the misrepresentation and its rejection, he would not have made that payment.

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 am not persuaded to change my conclusions.

No evidence of material inducement

JBR says misrepresentation requires proof of inducement and that there is no contemporaneous evidence Mr K believed he was entering into a PCP or that he would have chosen one.

I agree that misrepresentation requires more than mere inaccuracy. The question is whether a false or misleading impression was created which materially influenced the consumer's decision. That is a question of fact to be determined on the balance of probabilities, having regard to all the surrounding circumstances.

I do not consider the absence of an explicit request for a 'PCP' product to be decisive. Consumers don't usually make their decisions based on technical product classifications. What is material here is the presentation of the final payment and whether it was reasonably capable of being understood as optional in nature.

The broker's acceptance document - which is now undisputed - referred to a 'GFV/balloon' alongside an 'Option to purchase fee'. In ordinary consumer usage, 'GFV' and 'balloon' are terms strongly associated with PCP style arrangements where the final payment is optional. That terminology was embedded within the payment summary itself. It was not incidental.

In my view, that presentation was capable of creating a materially misleading impression about the nature of the final payment given the size of the figure - in excess of £38,000 - I am satisfied it was inherently material to Mr K's decision making.

The agreement was clearly hire purchase

JBR placed weight on the fact the executed agreement was expressly titled 'Hire Purchase' and clearly stated that the FBR was payable and that ownership would transfer only once all rentals were paid.

I accept that, read in isolation and from a strictly legal perspective, the agreement sets out a mandatory final rental. However, my task is not confined to a technical construction of the regulated agreement. Section 56 of the Consumer Credit Act makes the lender responsible for antecedent negotiations conducted by the broker. I must therefore consider the totality of the pre-contract information and how it would reasonably have been understood.

The use of 'GFV/balloon' terminology in conjunction with an option to purchase fee and wording suggesting a return decision at the end of the term is, in my view, capable of creating an impression that the substantial final figure operated as an end of term option rather than an unavoidable rental.

The fact that the agreement bears the label 'Hire Purchase' does not automatically dispel

that impression where the surrounding terminology suggests features more commonly associated with PCP style products.

The option to purchase fee does not create optionality

JBR says that the £10 Option to Purchase fee relates only to transfer of title and cannot render the FBR optional.

In strict contractual terms, that is correct. The £10 fee is distinct from the FBR.

However, the issue is not technical drafting precision. It is how the overall structure would reasonably be understood by a consumer when presented with documentation referring to a substantial 'GFV/Balloon' and a modest Option to Purchase fee (with last payment). I remain satisfied that, taken together, this wording was capable of conveying that the large figure functioned in a similar way to a PCP balloon.

Voluntary termination and causation

JBR says the £6,629.19 arose solely because Mr K exercised his statutory right of voluntary termination under sections 99-100 of the Consumer Credit Act 1974. It says that liability is statutory, not contractual, and therefore cannot have been caused by any alleged misrepresentation.

I accept that the sum paid is calculated under the statutory framework governing hire purchase agreements. However, that does not automatically determine the question of causation.

Mr K has confirmed that he voluntarily terminated the agreement specifically to avoid becoming liable for the FBR of £38,553.43. To do so, he paid £6,629.19 in order to reach the 50% statutory threshold.

On my findings, the agreement had been presented to him in a way that created a misleading impression that the substantial final payment operated in the nature of a PCP style balloon - that is, as an optional end of term decision rather than an unavoidable rental. When it became clear that the FBR was being treated as mandatory and his complaint had been rejected, he acted to limit his exposure by exercising his statutory right.

In those circumstances, I am satisfied on the balance of probabilities that the voluntary termination payment was a direct and foreseeable consequence of the misrepresentation and its rejection. The statutory mechanism does not break the causal chain; rather it was the route by which Mr K mitigated the financial consequences of entering into an agreement under a materially misleading impression.

Had the agreement been clearly and accurately explained from the outset, I consider it more likely than not that Mr K would not have entered into a lease purchase arrangement requiring a mandatory final payment of that magnitude. In that scenario, the need to pay £6,629.19 to terminate would not have arisen.

I therefore remain satisfied that the payment forms part of the loss flowing from the misrepresentation.

Remedy is disproportionate

JBR says the proposed redress reconstructs the agreement as if it were a PCP and eliminates statutory liability.

I do not agree. The purpose of redress is to place Mr K, so far as possible, in the position he would have been in had the misrepresentation not occurred. I am satisfied that had the nature of the final payment been clearly and accurately presented from the outset, Mr K would not have entered into this lease purchase arrangement requiring a mandatory final payment of that magnitude.

Refunding the £6,629.19 paid to voluntarily terminate, together with associated credit file correction and modest compensation for distress and inconvenience, is in my view proportionate to the loss flowing from the misrepresentation. It does not negate the statutory framework; it remedies the consequences of entering into the agreement under a materially misleading impression.

So, having reconsidered the complaint in light of the parties' further submissions, I am not persuaded to depart from my provisional findings.

My final decision

For the reasons I've given above, I uphold this complaint and tell JBR Capital Limited to:

- Refund £6,629.19, being the amount Mr K paid to voluntarily terminate his agreement. They should add 8% simple interest per year from the date that was paid to the date of settlement, as Mr K has been deprived of the money.
- Not pursue or record any liability for the Final Basic Rental or associated charges.
- Remove any adverse information they have reported to Mr K's credit file that arose from these events.
- Refund any fees, interest or charges that arose because the Final Basic Rental became due.
- Pay Mr K £200 to compensate him for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 March 2026.

Phillip McMahon
Ombudsman