

The complaint

Miss P complains that a car she acquired through a financial agreement with Volkswagen Financial Services (UK) Limited ('VWFS') was mis-sold.

Miss P is represented in this complaint but for ease of reference I have referred to Miss P throughout this decision.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimal formality.

Miss P acquired a car under a hire purchase agreement in January 2025; the car was around two years old and had covered about 40,300 miles.

Soon after acquiring the car Miss P experienced problems with a fuel leak, Miss P attempted to make a claim under the warranty but was told the warranty was void due to the incomplete service history. Repairs were eventually carried out by the supplying dealership and the car returned to Miss P. But the dealership accepted it misrepresented the car and said it would support rejection. Although it offered to refund the deposit it said it would make a deduction for fair use.

VWFS also upheld Miss P's complaint. To put things right it said it would refund 30% of seven monthly payments and pay £500 compensation to recognise the distress and inconvenience caused.

Miss P didn't think the offer was fair so referred her complaint to our Service. Our Investigator said in her opinion the offer was more than fair given the circumstances. Miss P disagreed and maintained that the offer wasn't fair given that it included a mileage charge for use of the vehicle.

I sent VWFS and Miss P the provisional decision on 4 March 2026. My findings from this decision were as follows:

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider good industry practice at the time.

The hire purchase agreement entered into by Miss P is a regulated consumer credit agreement and this Service is able to consider complaints relating to it. VWFS is also the supplier of the goods under this type of agreement and responsible for a complaint about its quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Miss P entered. Because VWFS supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors

such as the age and mileage of the car and the price paid.

In this case it is not disputed that a misrepresentation has been made and so the vehicle was mis-sold. So, I won't comment on this further, my decision instead will focus on what should be done to put things right for Miss P.

VWFS offered to refund 30% of seven monthly payments and pay £500 in recognition of the distress and inconvenience caused. The supplying dealership supported rejection, confirming it'd refund the deposit in full, but it also said it would charge Miss P for mileage.

I think it's worth making it clear at the outset to avoid any confusion, although it was the supplying dealership that advised it would charge for mileage this complaint is directed against VWFS. As VWFS is the finance provider, it has the responsibility under these circumstances to resolve the matter.

When looking to put things right, I'm looking, as far as reasonably possible, to put Miss P back in the position she would've been had the misrepresentation not occurred. As such, I think it is reasonable that Miss P is allowed to reject the vehicle. Miss P has raised concerns over the potential resale value being much lower than it should be due to the voided warranty and partial service history. I think rejection would make for a clean remedy and avoid any further concerns about such matters.

Further, as Miss P has been able to use the car whilst it's been in her possession, it is only fair she pays for that usage. So, I won't be asking VWFS to refund any monthly instalments made whilst Miss P had use of the car. I understand the vehicle went in for repair; Miss P was kept mobile during this time but not for the entire duration. Miss P says she was without her vehicle for three weeks and during this time, wasn't provided with a courtesy car. So VWFS should refund Miss P the payments she made whilst she was without the vehicle from 2 June 2025 – 19 June 2025.

From what I understand the repairs were covered by the supplying dealership at no cost to Miss P, so I won't be asking she is reimbursed for any repairs undertaken. Whilst I don't think VWFS should refund any monthly payments it also should not charge Miss P for mileage. The CRA says a deduction can be made from the refund to take account of the use the consumer has had of the goods in the period since they were delivered. It doesn't set out how to calculate fair usage and there's no exact formula for me to use

I have no reason to believe that Miss P hasn't been making her repayments in full. VWFS can't reasonably charge Miss P both monthly repayments and an additional mileage charge. The monthly repayments already account for her use of the vehicle during the period leading up to it becoming unusable. To impose a further mileage charge on top of this would amount to double charging for the same usage. And so, I'm afraid I don't agree that applying a mileage charge under these circumstances would be fair.

VWFS should refund Miss P's deposit contribution, but it can keep any part made up of dealer contributions if applicable. It should also arrange to remove any adverse credit information about the agreement if applicable.

I also considered the amount already offered for the distress and inconvenience caused and I agree that £500 is fair. Miss P has explained some of the impact on her, in having to make alternative arrangements when being without a car and there would have been some inconvenience in having to do so. It is reasonable to also say there will have been some stress and confusion caused by the overall circumstances.

Putting things right

So, I now require VWFS to put things right and;

- End the agreement and collect the car at no further cost to Miss P by way of monthly repayments.
 - Refund Miss P's deposit contribution (if any part of this deposit is made up of funds paid through a dealer contribution, VWFS is entitled to retain that proportion of the deposit).
 - Reimburse repayments equivalent to three weeks as outlined in my findings above.
 - Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement. *
 - Pay £500 in compensation for the distress and inconvenience caused (if not already paid).
 - Remove any adverse information about this agreement from Miss P's credit file if applicable.
- * If VWFS considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss P how much it's taken off. It should also give Miss P a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Responses

I gave both parties two weeks to come back with any further information or evidence. VWFS confirmed it had nothing further to add and accepted my findings. Miss P said in order to understand what this all meant she needed to see the information on a balance sheet. So she set out some numbers and details around what her options looked like.

In summary she didn't think what I had recommended by way of putting things right was fair as she said VWFS are profiting all along from the original misrepresentation. She said the redress should be back dated to the point the complaint was escalated to this Service.

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.

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Having thought about everything again and having carefully considered the comments Miss P has made in her recent response, I see no reason to deviate from my initial findings. In short Miss P doesn't think the redress I recommended was sufficient and asked if this could be backdated to the point that the complaint was referred to this Service. I appreciate this has been a drawn-out matter and Miss P has waited some time to receive an answer which has left her in a place of uncertainty.

This would inevitably have caused some stress, frustration and overall disappointment which I empathise with. However, I have to also be fair to VWFS, as an impartial Service we don't punish businesses and we understand that sometimes things can go wrong. I have already explained why I have recommended the redress and compensation I have so I don't intend

to repeat that here. But I think it's worth saying that I cannot hold VWFS responsible for the length of time the complaint has been with our Service and for how long it's taken Miss P to receive an answer.

Putting things right

Taking all of this into account I am directing VWFS to put things right and;

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My final decision

My final decision is that I uphold this complaint and direct Volkswagen Financial Services (UK) Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 10 April 2026.

Rajvinder Pnaiser
Ombudsman