

The complaint

Mr E complains that Toyota Financial Services (UK) PLC (who I'll call TFS) were slow to remove a HPI finance marker and that their action caused him distress and inconvenience.

What happened

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.

Mr E took receipt of a used car in April 2022. He financed the deal through a hire purchase agreement with TFS. He paid his final finance instalment on 30 May 2025 and within a few days he travelled over 100 miles to a dealership where he hoped to be able to part exchange the car. He was disappointed to find that the dealership refused the transaction as they noted there was a HPI finance marker on the database suggesting the car was still subject to outstanding finance.

Mr E complained to TFS and was disappointed to be told he had to complain in writing. He submitted a written complaint in early June 2025 and was disappointed not to receive a response until a little after the eight-week deadline set by the regulator.

TFS said it can take up to five working days for a payment to clear their system and that it was their policy to remove HPI finance markers within 10 days after that. They explained that they'd applied to do so on 9 June 2025 and that they had been able to issue a completion letter by 19 June 2025. They believed they hadn't delayed the process but did agree to pay Mr E £75 in compensation as they shouldn't have told him he could only complain in writing.

Mr E referred his complaint to this service and TFS subsequently increased its offer of compensation to £125. But Mr E was still dissatisfied. He said his case had strong parallels to another this service had considered where the compensation was higher and he said the Financial Conduct Authority's (FCA) Consumer Duty required outcomes to be fair and in line with customer expectations and this wasn't. Our investigator thought TFS's offer was fair but as Mr E continued to disagree his complaint has been referred to me, an ombudsman, to make a 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.

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 E acquired his car under a hire purchase agreement, which is a regulated consumer credit agreement. This means our service is able to consider complaints about it.

The FCA's Consumer Duty requires firms to put customers at the heart of their considerations with an overarching principle that they must act to deliver good outcomes for customers. However, this doesn't equate to the customer always being able to have the outcome they want. In the context of this complaint, it would be reasonable to expect TFS to process the settlement of the agreement efficiently and to provide information that is clear, fair and not misleading when requested.

There is no obligation on finance providers to remove HPI finance markers immediately on the same day that a final payment is made. In practice providers need a short period to confirm receipt of funds, update their internal systems and notify third-party providers who then need to update their own systems. TFS advised that they did that within 15 days and they issued a completion letter shortly afterwards. I think that was a reasonable timescale. The marker wasn't inaccurate as it reflected that TFS had not yet completed its closure and release process.

I appreciate that Mr E travelled some considerable distance to complete his part exchange but the inconvenience he experienced arose because the HPI marker hadn't been removed at the point Mr E chose to attend the dealership and not because TFS delayed unreasonably or acted incorrectly. TFS don't appear to have given Mr E any assurance that the marker would be removed in a shorter timeframe.

TFS shouldn't have told Mr E he could only complain in writing. That was unreasonable but they offered £75 compensation in that regard, and I think that was fair. Mr E has explained that he was able to make a complaint in writing very shortly afterwards, so I don't think he was unduly inconvenienced. They didn't provide a response within the eight weeks they should have either, but TFS increased their compensation to £125 and, all told, I think that's reasonable.

Mr E said his situation was comparable to another complaint this service had investigated where more compensation was paid. I don't think that case is comparable as the delays experienced there were lengthier and, regardless, it's for me to consider what is fair in the circumstances of this complaint and on its own merits.

Overall, I think the offer of £125 in compensation that TFS has made is fair.

My final decision

For the reasons I've given above I uphold this complaint in part and tell Toyota Financial Services (UK) PLC to pay Mr E £125 in compensation for the distress and inconvenience caused. They can deduct anything they've already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 16 February 2026.

Phillip McMahon
Ombudsman