

## The complaint

Mr C is unhappy that a car supplied to him under a hire purchase agreement with Advantage Finance Ltd was of an unsatisfactory quality. He's also unhappy with how much Advantage says he owes them after voluntarily terminating the agreement and how long it will take him to repay this.

## What happened

In May 2023, Mr C was supplied with a used car through a hire purchase agreement with Advantage. He paid an advance payment of £298, and the agreement was for £7,300 over 60 months; with 59 monthly payments of £262.44 and a final payment of £462.44. At the time of supply, the car was approaching seven years old and had done 39,971 miles (according to the MOT record for 16 May 2023).

Mr C had issues with the car from shortly after it was supplied to him, specifically relating to the wing mirror and keys, and there was a delay in the dealership obtaining parts for the repair. He complained to Advantage in August 2023 about this, and he also said he no longer wanted the car – he was relocating and the car was too big for his needs. He explained that he was having health issues and asked about his options for returning the car.

Advantage responded to the complaint about the issue with the car in September 2023. In this response, they advised Mr C that, if he remained unhappy with their response, he would need to bring his complaint to the Financial Ombudsman Service within six months of the date of their letter. Mr C didn't do this.

Mr C continued to discuss ending the agreement with Advantage. They provided him with all his options, and Mr C chose to voluntarily terminate (VT) the agreement. To VT, Mr C would need to repay 50% of the total amount repayable under the agreement. Advantage sent him a letter dated 9 November 2023, confirming that he still needed to pay £6,936.88 to pay the 50% required for a VT. This letter also advised Mr C that, if he was unable to make this payment as a single lump sum, he could contact Advantage and set up a repayment plan.

Mr C contacted Advantage in January 2024, and, after an income and expenditure assessment, a payment plan of £25 a week was agreed. However, Mr C didn't make any payments under this arrangement, and, in May 2024, a further income and expenditure assessment showed that he had no disposable income. So, Advantage said he wasn't required to make any payments, and they would review the situation again in six months.

In December 2024, Mr C raised a further complaint with Advantage, saying that he'd been advised by a mortgage broker that Advantage were reporting an unpaid debt of almost £7,000. He said this had caused his application to be declined, and he asked them to remove it due to the exceptional circumstances surrounding the VT.

Advantage responded to this complaint on 2 January 2025. They maintained they had acted reasonably by reporting the unpaid VT amount, but, as a gesture of goodwill, they agreed to remove the interest portion of the outstanding amount, reducing the amount Mr C would need to pay to £3,252.68.

While Mr C accepted the reduced balance, he didn't think it was fair that it would take him over 10 years to repay this amended amount at the rate of £25 a month, the most he was able to afford. So, in June 2025, he brought the matter to the Financial Ombudsman Service for investigation.

Our investigator explained that we were unable to consider the complaint about the quality of the car supplied to Mr C – he'd brought this complaint to us outside of the six months timeframe for doing so.

With regards to the VT, the investigator explained Advantage had calculated the amount owing correctly, and that this wasn't impacted by what they achieved as a sale price for the car. The investigator also thought Advantage had treated Mr C's financial difficulties with forbearance and due consideration by both assessing his disposable income to confirm what payment, if any, Mr C could afford to pay; and by agreeing to reduce the outstanding balance by more than 50%. So, they didn't think Advantage needed to do anything more.

Mr C didn't agree with the investigator's opinion. He said that he was unfairly denied the opportunity to reject the car when it needed repair, and when there was difficulty obtaining the parts to complete that repair. He also didn't think it was fair to say he was too late to bring the matter of the satisfactory quality of the car *“as the issue is not whether I was completely incapacitated, but whether it was fair and reasonable to hold me to strict financial consequences when I was a known vulnerable customer experiencing severe mental health difficulties [which] materially affected my ability to challenge, escalate, or fully understand the implications of the situation at the time.”*

Finally, Mr C didn't think it was fair to impose a long-term repayment obligation on him, so he said that it would be reasonable in the circumstances to write off the remaining balance instead. Because Mr C didn't agree, this matter has been passed to me to decide.

### **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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

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 was good industry practice at the time. Mr C was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

#### *Was the car of a satisfactory quality when it was supplied to Mr C?*

As explained by the investigator, the Financial Ombudsman Service isn't able to consider every complaint that's brought to us. The rules in which we operate are set out by the Financial Conduct Authority ('FCA') and are known as the DISP rules. DISP 2.8.2 says:

*The Ombudsman cannot consider a complaint if the complainant refers it to the Financial Ombudsman Service:*

(1) *more than six months after the date on which the respondent sent the complainant its final response, redress determination or summary resolution ...:*

*unless:*

(3) *in the view of the Ombudsman, the failure to comply with the time limits in DISP 2.8.2 ... was as the result of exceptional circumstances.*

In this instance, it's not disputed that Mr C complained to Advantage about the quality of the car supplied to him, and they responded to this complaint in September 2023. This response advised Mr C that, if he still remained unhappy, he would need to bring the complaint to the Financial Ombudsman Service within six months of the date of the letter. And, if he failed to do this, Advantage wouldn't consent to us considering this matter 'out of time'.

Mr C first contacted us about this matter in June 2025, more than a year after his final date for doing so. As such, this element of the complaint falls outside of the timeframe for us to consider under DISP 2.8.2(1).

I've then gone on to consider whether there are any exceptional circumstances that prevented Mr C from bringing the complaint to us sooner. It's important to note that the bar to meet the criteria of an exceptional circumstance is a high one. For me to agree there are qualifying exceptional circumstances, I'd need to be satisfied that Mr C's situation meant there was no reasonable way for him to contact us until June 2025; for example, if Mr C had been hospitalised and had no reasonable way of contacting us for an extended period of time, or having a representative contact us on his behalf.

Mr C has said that it isn't fair to hold him to these standards as, given his mental health condition, he was unable to "*challenge, escalate, or fully understand the implications of the situation at the time.*" I've seen that Mr C has provided a letter from his doctor explaining his mental health condition, and that this *can* affect his day-to-day function and motivation. However, what this doesn't say is that this has meant Mr C was incapable of dealing with things such as this for the period in question – September 2023 to June 2025.

What's more, I've seen that during this period Mr C was able to continue to contact Advantage to discuss the ongoing situation with the car. So, while it may have taken Mr C substantially more time and effort to have these interactions than someone not suffering as he was, he was still able to do so. And, if Mr C was able to contact Advantage to discuss the situation, I'm satisfied he was able to also contact us about the situation, or to ask someone to do this on his behalf – I've seen that Advantage signposted Mr C to the Citizen's Advice Bureau in October 2023, and they are an organisation who could provide Mr C with advice about his options and raise a complaint with us on his behalf.

As such, and while I appreciate this will come as a disappointment to Mr C, I agree with the investigator that this is something we are unable to consider. So, my decision won't touch upon the quality of the car supplied to Mr C, or whether he was able to reject this instead of agreeing to VT the agreement.

#### *Did Advantage act reasonably when dealing with the VT?*

The rules around VT are laid down by the Consumer Credit Act 1974. These specify that a customer can VT an agreement, so long as at least 50% of the total amount payable under that agreement is paid. I've reviewed the agreement between Mr C and Advantage, and under the heading "*TERMINATION: YOUR RIGHTS*" this says:

*“You have a right to end this agreement. To do so, you should write to the person you make your payments to. They will be entitled to the return of the Goods and to half the total amount payable under this agreement, that is £8122.20. If you have already paid at least this amount plus any overdue instalments and have taken reasonable care of the Goods, you will not have to pay any more.”*

The agreement states the total amount repayable is £16,244.40, so the 50% threshold that needs to be paid to achieve VT is £8,122.20 – the amount stated in the agreement.

Unlike the similar option of voluntary surrender, where the amount payable by the customer is the remaining outstanding balance less the sale value of the car, with VT the sale value is irrelevant, and if the financial business make a loss on the sale, they are not entitled to charge this loss to their customer (just as the customer is not entitled to any profits). As such, I have no need to consider the sale value of the car or the amount outstanding, the only figures of relevance are the £8,122.20 and how much Mr C had paid.

Mr C hadn't paid at least £8,122.20 to Advantage at the time of the VT, and he'd only paid the £298 deposit and payments of £524.88 – a total of £822.88. Therefore, the amount Mr C needed to pay Advantage to reach the 50% threshold was £7,299.32. However, due to the issues Mr C had had with the car, and to account for when he hadn't been able to use it, Advantage reduced this amount by a payment of £262.44 and by a further £100 by way of compensation. As such, the amount Mr C actually needed to pay was £6,936.88 – the amount they confirmed in their letter of 9 November 2023.

Based on this, I'm satisfied that Advantage were charging Mr C correctly for the VT, and he wasn't being asked to pay more than he legally should have.

Mr C was in financial difficulties at the point of the VT and was unable to pay the amount owing as a lump sum. The FCA says that, in these circumstances a financial business must treat their customer with forbearance and due consideration. Having reviewed Advantage's system notes, I'm satisfied they did this – they completed income and expenditure assessments with Mr C, only agreeing payments that were affordable, and allowing Mr C periods where no payments were being made if he wasn't able to affordably and sustainably pay these.

What's more, Advantage have subsequently offered to remove all the interest element of the outstanding balance, reducing this by over 50% to £3,252.68. Doing so makes the balance more affordable, as it will take Mr C a shorter period of time to repay this. While I appreciate that, at a rate of £25 a month, this will still take more than 10 years to repay, this is based on the assumption that this is the maximum amount Mr C will be able to afford to repay over the coming decade. And, if at some point in the future, Mr C is able to increase the payments to Advantage, this will have an effect on the overall time it will take to repay the outstanding balance. However, just because Mr C is only able to make nominal payments at the moment, this doesn't mean that Advantage should now waive the remaining (already substantially reduced) outstanding balance. And I won't be asking them to do this.

Through all of this, Advantage has an obligation to report an accurate situation to the credit reference agencies. As far as I can see, they've been doing this, and I would expect them to continue to do so, including reporting the reduced outstanding balance from January 2025. I would also expect Advantage to contact Mr C on a regular basis to update the income and expenditure calculation to ensure the amount he's paying is still affordable, and to see whether he can reasonably and sustainably afford to increase the payments, so as to reduce the overall time it will take him to repay the outstanding balance.

**My final decision**

For the reasons explained, I don't uphold Mr C's complaint about Advantage Finance Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 March 2026.

Andrew Burford  
**Ombudsman**