

The complaint

Mr M's complaint is about a used car, and a hire purchase agreement, he has with SECURE TRUST BANK PUBLIC LIMITED COMPANY trading as Moneyway (STB).

Mr M says that the car wasn't of satisfactory quality, and he complained about it very soon after he acquired it. He says the problems with the car weren't dealt with properly. He also says that when he struggled to repay the lending, STB gave him incorrect information about the Voluntary Termination (VT) process. He wasn't made aware that he would still owe a significant amount after this.

What happened

Mr M acquired the car using a hire purchase agreement that was started in July 2023. The vehicle had a cash price of £12,190. Mr M paid a £500 deposit meaning £11,690 was financed. This agreement was to be repaid through 60 monthly instalments of £336.09 with an additional £10 to be paid with the last instalment. If Mr M made repayments in line with the credit agreement, he would need to repay a total of £20,675.40.

Mr M has complained about the quality of the car. A final response letter was issued in October 2023 about this complaint and Mr M has brought it to the Financial Ombudsman. STB didn't think the Financial Ombudsman could consider this complaint as it was referred here later than six months after the final response was raised. Our Investigator has explained to Mr M about why this part of his complaint is not within the jurisdiction of the Financial Ombudsman. Mr M accepted this, and to be clear I don't disagree and I've nothing to add to what has already been said. I'm not considering this part of Mr M's complaint.

Mr M had problems repaying the account and it was agreed that it would be VT'd in January 2024. I understand Mr M had only made three repayments before the contract was VT'd and after this he still owed £8,879.16. This is because to VT the agreement Mr M needed to pay half of it as specified in the Consumer Credit Act 1974 (CCA).

Mr M has complained about the process that was followed when the VT was agreed. He says he was not told that he would still owe over £8,000 when he VT'd the contract. He also says he was vulnerable when the VT took place.

STB has considered the complaint about the VT, and it didn't uphold it. It said that it hadn't found any evidence of it making errors with the VT and it had given Mr M the correct information about the VT process both in some telephone calls and in the written information it provided. Mr M didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold this aspect of Mr M's complaint. She said that Mr M was given full information about the VT process, and what he would owe. And information about this was also provided in the hire purchase contract. She didn't think that Mr M was misled and he was provided with enough information to make an informed decision.

Mr M didn't agree with the Investigator. He said he was vulnerable at the time of the VT and he explained how. He said he didn't understand the VT process and that he would be left with a large amount still to pay. He would not have proceeded if he had been made aware of this.

He also said that, given his vulnerability, STB should have identified he was in distress and financial hardship, slowed down and clarified the VT explanation and checked he understood it. It should have provided written confirmation about what he would owe and recommend that he seek independent financial advice before agreeing. Because Mr M didn't agree, this matter has been passed to me to make a final 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it.

I've read and considered the whole file, but I'll concentrate 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.

I think it's reasonable to say that Mr M feels that he shouldn't have to pay the amounts outstanding due to the problems he had with the car. But I can't consider this aspect of the complaint, so I've only looked at the issues he has raised regarding the information he was given about the VT process.

Mr M spoke about exiting the contract in two calls made in January 2024.

In the first call, STB confirmed the options Mr M had for exiting the contract. Mr M was told that the vehicle could be sold at a dealership and it gave him a settlement figure for the finance. STB also gave information to Mr M about the VT process. And as part of this Mr M was told that he would still owe £8,829.16 plus any additional amounts for damage outside of certain parameters.

I don't think it's reasonable to say that he was misled in this first call, I think he was provided with enough information to have made an informed decision about his options. Added to this it seems reasonable to say he understood the options available. And this is reflected in the second call when Mr M contacted STB to say he had decided to VT the car, given the information he had already received.

I've noted over both calls that Mr M was given more time to think about the options he had and he was repeatedly offered more explanation of what his options were and how they worked. I think STB considered that Mr M was in a difficult position. And I think he could have asked for more information or time if he needed to. I don't think that STB needed to tell Mr M to seek out financial advice.

And it's also relevant to note that the hire purchase contract says that:

'TERMINATION: YOUR RIGHTS:

You have a right to end this agreement. To do so, you should write to the person you make your payments to. They will then be entitled to the return of the goods and to half the total amount payable under this agreement, that is £10,337.40. 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.'

I think all of this is enough information, both in the calls and written information, to have allowed Mr M to understand his options, and there is no indication that he didn't understand them at the time.

Mr M says he should have been provided with different, or more extensive, written information at the time. I don't necessarily agree with this as I think he was provided with enough information to decide what to do. As I think this is the case, I'm not persuaded that different or further information would have changed the decision he made to VT the hire purchase agreement.

Mr M has explained that his personal circumstances were very difficult at the time he was arranging to VT the contract. I've looked at all of what he has provided, and I don't disagree that he was having a very difficult time. I hope things have improved for him.

Mr M said that all these problems made it difficult for him to understand his options and they led to him lacking the capacity to properly decide what to do. He feels that he should have been treated with more care as a vulnerable customer.

The regulations that surround the treatment of customers who may lack the capacity to decide about financial issues are such that a business shouldn't assume a customer lacks capacity unless they are told this is the case. Or it is clear from the information it has to hand that a customer is vulnerable. As far as I can see STB weren't informed about any of this, and I don't think it's clear in the correspondence Mr M had with STB about the VT. So, it isn't reasonable to say STB should have acted differently due to the problems Mr M was having.

I do appreciate what Mr M has said about trying to escape a difficult situation and this clearly affected the decision he made. But I don't think I can reasonably say that STB did anything wrong here and I'm not upholding Mr M's complaint.

I appreciate that this will not be the answer that Mr M wants. But I hope he at least feels that his complaint has been considered. And I hope it doesn't cause him any undue distress.

My final decision

For the reasons set out above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 May 2026.

Andy Burlinson
Ombudsman