

The complaint

Mr C complains about the service he received from Bank of Scotland plc, trading as Halifax, when he withdrew from a car deal.

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 C entered into a Personal Contract Purchase (PCP) agreement directly with Halifax on the 20 November 2025. It funded the provision of a car from a dealership. Shortly after entering into the agreement Mr C decided not to proceed. He contacted Halifax on the 24 November 2025 to exercise his right to withdraw from the credit agreement within the 14 day cooling off period under the Consumer Credit Act 1974 (the CCA). Mr C also contacted the dealership to cancel the vehicle order, and he requested that the funds be returned Halifax so the agreement could be unwound.

Halifax explained that while Mr C could withdraw from the finance agreement, this didn't cancel his separate contract with the dealership and that the agreement could only be closed once the funds advanced to the dealership were returned.

Mr C was unhappy that Halifax did not do more to recover the funds from the dealership, that he was given incorrect information about his rights, and that Halifax did not respond properly to his communications.

Halifax contacted the dealership to request return of the funds and once the funds were received in December 2025 the agreement was closed with no payments having been taken from Mr C.

When Mr C referred his complaint to this service our investigator explained this was a direct agreement between Mr C and the bank and that the bank had no relationship with the dealership. He explained that Mr C could withdraw from the finance agreement but that didn't cancel; the separate agreement with the dealership for the car and Halifax could only end the agreement when the funds had been repaid to them. That couldn't be done without the dealership's cooperation, so he didn't think Halifax had been unreasonable.

Mr C didn't agree and he asked for a final decision by an ombudsman.

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, 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.

The central issue is the effect of Mr C exercising his right to withdrawal from the credit agreement under section 66A of the CCA. Withdrawal from a regulated credit agreement brings the finance agreement to an end but it doesn't cancel any separate contract for the purchase of goods.

In this case Mr C entered into the finance agreement directly with Halifax and separately agreed to purchase the car from the dealership. That meant that Halifax was not a party to the supply contract and they, therefore, had no authority to require the dealership to return the funds unilaterally.

So I think Halifax acted reasonably in explaining that the agreement could only be ended once the funds were returned to them and that it was not able to simply unwind the transaction itself.

I have considered Mr C's argument that the agreement being a PCP rather than Hire Purchase changes this position, but I am satisfied it does not, as the statutory right of withdrawal and its effect are the same for both types of regulated credit agreement.

Mr C is concerned about the information he was given by Halifax, including his account that he was told PCP agreements were not regulated by the CCA and that the dealership was not regulated. If such statements were made they would be incorrect and I would expect a lender to provide accurate information to its customers. But, even if I accept that some information may not have been clearly, or accurately, explained I'm not persuaded that this led Mr C to suffer a different outcome as the legal position would have remained the same and the agreement could not have been unwound by Halifax alone.

I have also considered Mr C's concern that the agreement continued to be treated as active after he exercised his right to withdrawal including reference to a payment being due. The evidence shows that no payment was ultimately taken and that the agreement was closed once the funds were returned, and while the communication may not have been as clear or timely as it could have been I am not persuaded this amounted to a substantive failing causing financial loss.

I've considered the level of communication, the contacts Mr C made and his view that delays by Halifax contributed to the situation escalating with the dealership. I accept this was a frustrating situation for Mr C, but I have not seen sufficient evidence to conclude that any delay or lack of clarity by Halifax materially affected the outcome or that it was responsible for the actions of the dealership.

Taking everything into account while there may have been some shortcomings in communication, I don't think Halifax's actions amounted to a failure that would justify requiring it to take further action or pay compensation. I'm not asking it to do anything.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 May 2026.

Phillip McMahon
Ombudsman