

The complaint

Miss C complains that Volkswagen Financial Services (UK) Limited trading as Audi Finance (VWFS) provided her with an unaffordable hire purchase agreement.

Miss C's complaint has been referred to us by a professional representative but for ease I've referred to all submissions as though they are her own.

What happened

VWFS provided Miss C with a credit agreement to finance a car with a cash price of around £20,075 in September 2016. Miss C paid a deposit of £500 and received a deposit contribution of £2,400, and VWFS provided finance of around £17,175. The agreement was repayable across a term of 49 months with 48 instalments of around £250 and one final balloon payment of around £8,620. The total repayable value, including the deposit, interest, and fees was around £23,530. This agreement was settled in October 2019 when Miss C took out a new agreement with VWFS.

In January 2025 Miss C complained to VWFS saying it hadn't completed proportionate checks before approving this lending; and that had it done so it would have identified this agreement wasn't affordable for her. VWFS issued a final response in February 2025 in which it didn't uphold her complaint. Unhappy with its response Miss C referred her complaint to our service for review.

When VWFS provided our service with its file for this case it said it didn't think this was a complaint we could consider; as Miss C had made her complaint outside of the regulatory timescales. One of our investigators looked at the details and considered it was reasonable to interpret Miss C's complaint to be about the fairness of her relationship with VWFS. As such they went on to review the details of the complaint on this basis. Having done so they didn't consider VWFS had acted unfairly by providing this agreement, or in any other way, so they didn't uphold the complaint.

VWFS didn't respond to our investigator's view; Miss C responded and disagreed. In summary she maintained her arguments that better checks ought to have led to VWFS concluding she couldn't afford the repayments to this hire purchase agreement. Miss C provided evidence by way of credit card statements and a credit report dated from June 2025 in support of her position. Our investigator considered this information and set out why their outcome didn't change.

Miss C asked for an ombudsman's review, so the complaint 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.

The information in this case is well known to Miss C and VWFS, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Miss C or VWFS by taking this approach, but this simply reflects the informal nature of our service.

Initially I think it's helpful for me to set out that there are time limits for bringing a complaint to our service, and VWFS has said this complaint was referred to us late. Our investigator set out within their view why they didn't think we could look at Miss C's complaint about unaffordable lending as it had been made more than six years after VWFS' lending event, and more than three years after she ought reasonably to have been aware of her cause for complaint.

But they also went on to explain why it was reasonable to interpret Miss C's complaint as being about an unfair relationship as described in section 140A (s.140) of the Consumer Credit Act 1974 (CCA); and why they therefore considered Miss C's complaint about an allegedly unfair lending relationship had been made to us in time.

I don't intend to go into the same level of detail in my decision here to that which our investigator already set out, but for the avoidance of doubt I agree with our investigator that I have the power to look at Miss C's complaint on this basis. I say this because I'm satisfied Miss C's complaint is that VWFS provided lending which was unaffordable for her.

The provision of this hire purchase agreement may have made the relationship unfair, as Miss C may have paid more in interest and charges than she could afford. I acknowledge VWFS doesn't agree we can look at any events more than six years before Miss C's complaint was made, but as I don't intend to uphold this complaint, I won't be commenting on this further.

In deciding what's fair and reasonable I'm required to take into account, amongst other matters, relevant law. As I consider Miss C's complaint is about the fairness of her relationship with VWFS, relevant law in this case includes s.140A-C of the CCA.

S.140A says a court may make an order under s.140B if it determines that the relationship between the creditor (in this case VWFS) and the debtor (Miss C), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement.
- the way in which the creditor has exercised or enforced any of his rights under the agreement.
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. Given the details of this complaint, I'm satisfied I can consider the complaint about an unfair relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given the details of Miss C's complaint, I need to consider whether VWFS's decision to lend to her, or any other actions it may have taken, created an unfairness in the relationship

between her and VWFS; and if it did, whether VWFS took reasonable steps to remove that unfairness.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've used this approach to help me decide Miss C's complaint.

Having considered everything, I'm not upholding Miss C's complaint as I've decided this hire purchase agreement was provided fairly. I say this because:

- VWFS has provided our service with limited information relating to the data it obtained from its checks before making this lending decision. I don't consider this unreasonable given the time that's passed and the data retention obligations on it. However, this does mean I can't be satisfied its checks were reasonable and proportionate, before it went on to provide Miss C with this credit agreement.
- Had VWFS completed proportionate checks, I don't think it's likely these would have shown it was unfair to provide Miss C with this credit agreement. I say this based on reviewing Miss C's bank statements for the three months leading up to this lending. I'm not suggesting VWFS needed to have reviewed these statements as part of proportionate checks, but in the absence of any other contradictory information I consider these statements allow me to reasonably understand what proportionate checks at the time would more likely than not have shown it.
- Miss C's income, regular non-discretionary expenditure and a number of existing credit commitments are all evidenced within the statements – and these are the entries I would have expected VWFS to reasonably have taken into account through proportionate checks.
- I acknowledge Miss C has said her existing monthly commitments to credit were high, and this meant her disposable income wasn't as high as VWFS had calculated, and not at a level where she could sustainably repay this agreement.
- I've reviewed the credit card statements Miss C has provided covering the same three month period as the bank statements. In each of the months Miss C pays the outstanding credit card balance of a few hundred pounds in full, rather than the statement minimum contractual payment of £5.
- VWFS' affordability calculation would have taken into account reasonable monthly repayments to revolving credit balances, which would have largely been in line with minimum contractual amounts due, rather than repayment of full balances.
- When taking the above into account, I'm satisfied that on average the bank statements I've reviewed support that Miss C had a reasonable level of monthly disposable income to sustainably repay this agreement.

So, I therefore consider proportionate checks at the time of this lending being provided would reasonably have led to VWFS concluding Miss C could afford the repayments to this agreement.

I've also considered whether VWFS acted unfairly in any other way; however, I've not seen anything to suggest it did. The contact notes I've seen show Miss C engaged with VWFS in early 2019 to make it aware of a change in her personal circumstances. It appears multiple options were disused in terms of short term support or longer term options, but there's no evidence to suggest Miss C made it aware about concerns with the affordability of the agreement, or any financial difficulties for that matter. I've also seen that Miss C repaid the agreement in line with her contractual obligations before it was settled in late 2019.

I acknowledge my decision will likely be disappointing to Miss C. But for the reasons set out above I don't consider VWFS lent irresponsibly to her, or otherwise treated her unfairly; so,

I'm not directing it to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Miss C's complaint about Volkswagen Financial Services (UK) Limited trading as Audi Finance.

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

Richard Turner
Ombudsman