

complaint

Mrs G complains that Allen Ford (UK) Limited misled her about a Personal Contract Purchase ('PCP') agreement she entered into. She also says that the deposit she paid was too high and that she was charged for road tax in error.

background

Mrs G says that Allen Ford led her to believe that the 'guaranteed future value' of £5989 was the amount she would be able to use as a deposit towards her new car at the end of the agreement.

Allen Ford says that its sales person denied telling her this, and that as he was used to explaining these types of agreements it is unlikely he would have done so. It says that Mrs G would have likely been told that if her car was worth more than the 'guaranteed future value' at the end of the agreement this equity could be used as a deposit for her next car. It pointed out that the agreement Mrs G signed clearly says that £5989.30 is a final instalment which is payable by her should she wish to keep the car.

Our adjudicator did not recommend this complaint be upheld. In summary, he was not satisfied that the finance agreement had been misrepresented. Or that Allen Ford had asked Mrs G for the wrong amount of deposit. He also noted that the amount which Mrs G thought was for road tax was actually for the first registration fee.

Mrs G disagrees. In summary, she says that she was not given any paperwork to take away on the day of the sale. She says that she only went ahead with the agreement because she was told she would have enough in the 'guaranteed future value' of the car to be able to get a new car that was affordable to her every three years. She says that she has been misled and can no longer afford a new car, and has lost the savings she put towards the deposit.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where matters are in dispute or unclear I base my findings on the balance of probabilities – which is to say, what I consider most likely to be the case based on the evidence that is available and the wider surrounding circumstances.

In her response to our adjudicator Mrs G has raised many points. However, I will be focusing on the matters I consider to be central to her complaint. I note that at a late stage Mrs G has raised a complaint about misrepresentation of the 'gold pack' which was sold with the car. I consider, at this late stage, this issue is better dealt with as a new complaint should Mrs G want to pursue this. Here I will be dealing with the subject matter of her original complaint.

the deposit

Mrs G says she was charged a deposit which was too high, and not in line with the maximum amount that authorised dealers are meant to take under a PCP agreement. I note that the manufacturer's finance brochure refers to a deposit of up to 35% for this type of product. Mrs G's deposit is around 33%. Therefore, it does not appear that Allen Ford was acting outside of the dealership's recommended guidelines in setting up the deposit.

Furthermore, although Mrs G says she was not given a copy of the manufacturer's finance brochure, I note that the amount of the deposit is clear on the agreement which she signed. Should she have been unhappy with putting down this amount she could reasonably have raised this at the time of sale, before signing the agreement.

misrepresentation of the finance agreement

Under a PCP arrangement a balloon payment usually needs to be settled should the customer wish to keep the car. This is a final instalment which is often referred to as the 'guaranteed future value' of the vehicle. If the car is worth more than this amount at the end of the agreement then a customer could decide to use this additional value as a deposit against a new car. Allen Ford says that this is how it described the arrangement to Mrs G.

Mrs G says she understood that she would have £5989 to use as a deposit towards a new car at the end of the agreement. While I have taken into account what she has said, I consider that the paperwork she has signed does not mention such an arrangement or guarantee.

Instead the finance agreement makes it reasonably clear that there is a final instalment of £5989.30 which Mrs G needs to pay if she wishes to purchase the car at the end of the agreement. This is consistent with how a PCP agreement would normally operate. Although Mrs G says she was not given any paperwork to take away on the day I find that she would have had a reasonable opportunity to read and understand this before deciding to sign the finance agreement.

Overall, although I can understand that Mrs G has potentially misunderstood how a PCP agreement operates, in this instance I am unable to fairly conclude that there has been a misrepresentation here.

the road fund licence

From the evidence available, in particular the vehicle invoice, I am satisfied that the £55 which Mrs G was charged was actually a first registration fee and not for road tax (which Mrs G says she was exempt from for the first year). It appears that on the order form the £55 was put down in the road fund licence section, which is where the confusion has come from. Mrs G says she was not provided with a copy of the invoice for the car. However, should she wish to obtain this for her records I am sure that it can be supplied to her at a later date.

Overall, I am not satisfied that Allen Ford has acted in error here. I understand this is not the outcome which Mrs G wants. However, she does not have to accept my decision and can pursue her dispute by alternative means should she wish to do so.

my final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs G to accept or reject my decision before 26 March 2015.

Mark Lancod
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