

complaint

Mr R complains about the way Volkswagen Financial Services (UK) Limited ("VWFS") handled the voluntary termination of a vehicle he was financing through them.

background

Mr R took receipt of a new car in March 2016. He financed the deal through a hire purchase agreement with VWFS but some time later he contacted them and told them he was in financial difficulties. They discussed his options with him; one of which was for the dealership to sell the car on his behalf. But when the dealership confirmed they didn't want to sell the diesel vehicle Mr R opted to voluntarily terminate (VT) the agreement.

He says he did this because he was angry and when his financial circumstances changed he enquired about getting the car back only to discover it *had* been sold by VWFS for what he believed was a profit. In resolution of his complaint he'd like VWFS to waive any outstanding finance as he said he tried to avoid voluntarily terminating the deal but they didn't give him sufficient options.

VWFS explained that once a VT was signed it wasn't reversible so Mr R referred his complaint to this service.

Our adjudicator said that when VWFS were told about Mr R's financial difficulties he would expect them to be sympathetic but they didn't have to reduce, suspend or refund fees. He noted that VWFS had allowed Mr R to make part payments for a time but explained that Mr R would need to then make a decision on the way he wanted to settle the agreement. He understood that they wouldn't consider other financing options until much later in the process and he thought this was reasonable. He discovered that VWFS had sold the car for £13,700 but explained that they would have recovered more than this if the agreement had been allowed to run its remaining term. So he didn't think VWFS had profited from the subsequent sale and he didn't think it would be fair to ask them to waive the payments that were still outstanding on the agreement.

Mr R disagreed with the adjudicator and therefore asked for a final decision by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I know it will disappoint Mr R but I agree with the adjudicator's view and for similar reasons. Please let me explain why.

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.

When Mr R told VWFS about his financial difficulties in 2018 I would expect them to have been sympathetic to his situation and I think there's evidence here that they were. They agreed reduced payments for a time and allowed some "breathing space". But when Mr R's situation didn't improve they agreed to process his VT.

I understand that a couple of weeks later Mr R tried to reverse that VT when his financial situation changed, but VWFS say they couldn't do this and I think that's reasonable.

I'm not persuaded that VWFS benefitted from the VT. It's clear they would have made more money if the term had completed. And I don't think they had an obligation to provide any further options to Mr R. There was a considerable time left on the contract and I'm persuaded that they made some reasonable accommodations to try to help Mr R to keep the vehicle. I therefore don't think they need to waive the balance that's due on this agreement or take any further action.

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 R to accept or reject my decision before 8 August 2019.

Phil McMahon
ombudsman