

## **complaint**

Ms C complains that when she contacted Mercedes-Benz Financial Services UK Limited (the business) about terminating her hire purchase agreement (HPA) early, she was not told that she could terminate without further payments.

## **background**

Ms C entered into a HPA with the business that was due to mature on 14 March 2015. In January 2015, she contacted the business to discuss early termination. Ms C says she was told she would need to make the two remaining payments and return the car. She did this.

After this, Ms C says she became aware that she could have terminated the agreement under the voluntary termination right and not been required to pay the final two instalments.

In its letter dated 23 February 2015, the business said that unless Ms C had said she was experiencing financial difficulties it would not recommend voluntary termination. It said that as Ms C did not mention any financial hardship it did not explore any alternative options for termination. It also confirmed that if a voluntary termination happened it would be recorded on Ms C's credit file.

The adjudicator said that voluntary termination was a statutory right in Ms C's HPA and that the business should have explained all the options to Ms C. She accepted that had Ms C been made aware of the right to voluntary termination she would have done this. The adjudicator said that Ms C returned the car on 18 February and recommended that the business refund Ms C from this time until the end of the agreement plus interest.

The business said that Ms C contacted it and asked for a 95% handback figure. It says that if she had asked for all the options available it would have explained the voluntary termination right. Because Ms C asked for the handback figure it says it is not reasonable to expect it to have provided the voluntary termination information.

## **my findings**

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

The call recording on which Ms C asked about terminating her HPA early is not available. I have looked at the notes of the call provided by the business and these say that Ms C asked about the 95% handback figure. Based on this, I find on balance, that Ms C did not ask the business to provide her with all her options for early termination. However, it was clear that Ms C wanted to return her car early and therefore I find that the business should have provided her with all the information she needed to make the decision about how best to do this.

In the business' letter dated 23 February 2015, it said that it did not discuss Ms C's voluntary termination right as she did not make any suggestion that she was in financial hardship. The right to terminate the HPA is set out in the agreement. It states that the car can be returned early. If this happens and at least half the amount due under the agreement has been paid and reasonable care has been taken of the car there will be no more to pay. This right is not linked to the financial situation of the customer.

The right to terminate was in Ms C's agreement and so she could have asked the business about this but didn't. However, it was a long time after Ms C entered into the agreement that she wished to terminate and therefore it is not unreasonable that she did not recall this right.

When Ms C called about terminating her agreement I find that it was reasonable to expect the business would explain the different options available to her. This should have included the right to terminate as set out in the agreement.

Because of this, I find that Ms C should have the option to be put in the position she would have been had she been told about her right to voluntary termination. The business has confirmed that if Ms C voluntarily terminated her agreement then this would be recorded on her credit file.

### **my final decision**

My final decision is that Mercedes-Benz Financial Services UK Limited should:

- refund Ms C from the time she returned her car to the end of the HPA plus interest at 8%; and
- amend Ms C's credit file as required to show the agreement as voluntarily terminated.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 6 November 2015.

Jane Archer  
**ombudsman**