

complaint

Mr B complains that Volkswagen Financial Services (UK) Limited (Volkswagen) set up a Hire Purchase Agreement using his personal not his business details. He would like the agreement transferred to his business.

background

Mr B says that in May 2017 he completed a proposal form to get finance for a vehicle for his business. He says Volkswagen offered him finance so Mr B took out a Hire Purchase Agreement with Volkswagen effective from February 2018.

Unfortunately Mr B says he realised some months later that the agreement had been recorded under his personal details by mistake. He says this affected his ability to gain credit.

He says when he raised this with Volkswagen and asked it to transfer the agreement to his business it told him it couldn't as it didn't deal with partnerships – which is what Mr B's business is – only limited companies. And it referred his complaint back to the dealer who sold Mr B the vehicle.

Volkswagen said Mr B had time to check the agreement before he signed it. And it wasn't able to transfer it to Mr B's business as it didn't offer finance to partnerships.

Our adjudicator upheld the complaint. He felt Mr B had shown he had put his business details on the original proposal form he completed. He confirmed with Volkswagen it didn't offer finance to partnerships. He recommended that Volkswagen:-

- Pay Mr B £589.10 – the difference Mr B would incur in moving his finance for the vehicle to a different provider.
- Pay Mr B £250 compensation for distress and inconvenience
- Ensure no adverse information has been recorded on Mr B's credit file

Mr B accepted this view albeit he said he was disappointed with the level of compensation.

Volkswagen didn't accept our adjudicator's view. It said the proposal form Mr B signed was just that – a proposal. It didn't feel it was reasonable to pay compensation if Mr B hadn't read the agreement he signed. It also stated it did offer agreements to businesses.

Our adjudicator considered these points but didn't change his view. He felt Mr B made it clear he wanted the agreement set up for his business not for him personally. He said Volkswagen had specifically told him that it didn't offer finance to partnerships which is what Mr B's business is.

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 don't think there is any doubt that Mr B signed a Hire Purchase Agreement in his name not in his business name. I've seen a copy of the Agreement that confirms that.

I've also seen the proposal form that Mr B completed – that clearly shows that Mr B wanted finance for a car for his company. On that form Mr B gave his business VAT registration number along with other business details. Both he and one of his business partners signed the form. So I'm persuaded by that, that Mr B was looking for finance for a vehicle for business use.

Volkswagen has pointed out that there was a significant time delay between the finance being proposed – May 2017 and going live in February 2018 which it feels gave Mr B sufficient time to check the details of the agreement. That may be the case but I am not sure when exactly Mr B got the agreement to sign.

Mr B said he didn't find it surprising to see his name and personal details included on the online acceptance of the finance agreement. He said it's usual practice to have partners' personal credit file details checked when making loan applications.

I think it's unfortunate that Mr B didn't carefully read the agreement he signed. And I agree with Volkswagen that he should have done so. However I'm persuaded by the details on the proposal form that Mr B wanted an agreement in his business name. And that's not what he got.

In its initial response Volkswagen referred Mr B back to the dealership he dealt with. It said that an error made by the dealership wasn't its responsibility. But Volkswagen is responsible for the negotiations carried out on its behalf.

Mr B has considered a range of options with regard to the vehicle. He has decided he wants to keep the vehicle. In its response to our adjudicator's view Volkswagen said it did offer finance to businesses but the same respondent previously told our adjudicator that Volkswagen could only transfer agreements from private individual to Limited companies not to business partnerships. As s Mr B's company isn't a limited company he can't transfer his agreement to a business agreement with Volkswagen.

Mr B has given us details of a quote from a different finance provider to take over the finance for the vehicle. The difference between the two finance agreements is £589.10. I think it's reasonable that Volkswagen cover this sum as I don't believe it gave Mr B the agreement he asked for.

I also think our adjudicator's recommendation of £250 compensation is fair for the distress and inconvenience to Mr B.

In terms of Mr B's credit file. Mr B says he had an application for credit turned down due to his loan with Volkswagen. He hasn't given us any evidence of this. And it's important that credit files are accurate. But I think its fair for Volkswagen to ensure no adverse information is recorded in relation to Mr B's agreement with Volkswagen.

my final decision

My final decision is that I uphold this complaint.

In full and final settlement Volkswagen Financial Services (UK) Limited should:-

- Pay Mr B £589.10 – the difference between Mr B's current finance agreement and the new proposed one
- Pay Mr B £250 compensation for distress and inconvenience.
- Ensure no adverse information in relation to Mr B's finance agreement is recorded on Mr B's credit file

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 January 2020.

Bridget Makins
ombudsman