

## **complaint**

Mrs N complains that Private and Commercial Finance Company Limited (PCF) overcharged her for three separate hire purchase agreements.

## **background**

In 2004, Mrs N was buying a car through a dealership. She paid a deposit to the dealership and arranged a hire purchase agreement with PCF for the remaining balance of the car's purchase price.

Mrs N did not receive the first car that she wanted, and so she signed a second hire purchase agreement for a different car. But that car was found to be unfit for purpose and so the hire purchase agreement was unwound.

Mrs N then paid a further deposit to the dealership for a third car. She also signed another hire purchase agreement for the particular amount of finance needed to buy that car. Mrs N did receive this car, although repairs were needed soon after she got it.

Mrs N continued with her agreement, although there were occasions when the required monthly repayments were missed, or the direct debit was returned as unpaid. This led to charges being added to her account balance. Further charges were also added to the account for letters that were written to Mrs N about the arrears that had built up on her account.

In 2007, Mrs N was involved in a car accident. She made an insurance claim for this which paid out £2,450 towards the balance on the hire purchase agreement.

In 2009, PCF made the decision to sell the remaining balance of Mrs N's agreement to a third party. However, a computer error meant that the third party was told that a higher balance remained than was actually owed. The third party then wrote to Mrs N and said the balance she owed was much higher than the amount she had first borrowed.

Mrs N complained that it was her that was owed money. She said she had paid more than should have been due under the agreement, including the deposits that she had paid to the car dealership. She said she was wrongly charged unpaid direct debit fees. She asked for the amount of the overpayments, the deposits to the dealership and the cost of the charges to be refunded to her.

PCF said that Mrs N only had one active hire purchase agreement with it. It said there was no record of the first agreement having gone ahead, and the second had been unwound when the car was found to be not fit for purchase. It said there was still an outstanding balance owed on the third agreement, and this is what had been sold onto the third party. It did not agree that Mrs N was owed any money.

Our adjudicator considered the complaint and explained that the Financial Ombudsman Service was unable to consider any complaints relating to consumer credit activities that occurred before 6 April 2007. Because the agreements had been set up in 2004, so before this time, the adjudicator said that he was unable to consider these parts of Mrs N's complaint.

He said that deposits for cars are normally paid to the dealership, rather than passed onto the finance company. He also said that the computer error in the amount remaining on Mrs N's account had been corrected and the remaining balance had been written off. This meant that Mrs N no longer owed any money under her hire purchase agreement.

Mrs N did not accept the adjudicator's findings. She said she was still owed money back from PCF because of the overpayments she had made and the fees she had been charged. She said she had made initial payments towards the hire purchase agreements that had not been accounted for. She also believed that the car that she had was never fit for purpose.

### **my findings**

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

As the adjudicator has explained, my jurisdiction in relation to considering complaints about consumer credit activities means that I can only consider events that happened after 6 April 2007.

The events relating to Mrs N's purchase of her car and the three separate attempts to arrange the finance for this all occurred before this date. So I am unable to comment specifically on her particular complaint points relating to this.

Mrs N paid deposits for the cars directly to the dealership and PCF has said that these payments would not have been transferred to it. So PCF would not have been given any cash or card transaction Mrs N used to pay her deposit, as that was paid to the dealership. I am therefore unable to conclude that PCF should pay the amount of the deposit back to Mrs N.

It would seem it was only the third hire purchase agreement that went ahead, and that it was this arrangement that Mrs N was paying until late 2007, when her car was involved in an accident and her insurance claim paid out.

Having considered the statements of Mrs N's payments to her hire purchase agreement, these show that payments were sometimes missed when her direct debit was returned unpaid. This meant that interest and charges were added to the overall balance. This was in accordance with the terms and conditions of the agreement. This may be why the balance appeared higher than what was set out in the hire purchase agreement where the total amount payable would have assumed that all the payments were made correctly and on time.

Mrs N's insurance pay out did not meet the full amount of the balance of Mrs N's agreement. PCF made the decision to pass that remaining balance on to a third party for collection. It has said that a computer error meant that the third party company had the wrong amount for that remaining balance.

To resolve the complaint, PCF has arranged for the remaining debt to be written off so that Mrs N no longer owes money for this hire purchase agreement. In all the circumstances, I consider this to be a fair resolution to the complaint and I am unable to conclude that Mrs N is owed money by PCF.

**my final decision**

My decision is that I do not uphold this complaint.

Cathy Bovan  
**ombudsman**