

## **complaint**

Mrs H complains that she was given incorrect information that made her agree to a hire purchase agreement with Volkswagen Financial Services (UK) Limited.

## **background**

In 2013 Mrs H acquired a car using a hire purchase agreement with VWFS. The way these agreements work is that the hirer pays a monthly fee. Then at the end of the deal she can, amongst other things, either hand back the car or buy it outright paying a lump sum. That lump sum is calculated at the beginning of the agreement. It's possible to make money from these deals if the lump sum is less than the car's market value when the contract comes to an end.

Mrs H wanted to give herself the best opportunity of being able to use the car's market value to fund the deposit for her next car. She said she asked the dealer how best to achieve this objective.

Mrs H said the dealer explained that if she took out a hire purchase agreement with higher monthly payments but with a lower lump sum payment at the end this would be the way to go. Because at the end of the contract it could guarantee that the market value of the car would be far more than the lump sum payment. So she could use this difference as her deposit. This sounded like just the ticket to Mrs H so she went ahead.

But things didn't turn out as planned. The market value of the car wasn't what she had counted on and what she said she'd been guaranteed. She thinks this is down to the fact that some cars made by the same manufacturer, but not the car she had, had software fitted in them. This software, according to VWFS impacts on the cars' Nitrogen Oxide emissions in test conditions. Mrs H said such was the pervasive influence of this issue that all diesel cars, whether fitted with the software or not, had gone down in value.

VWFS didn't see things in the same way as Mrs H did. It underlined her car didn't have the software. It added that even the cars that did have the software hadn't plummeted in value. Rather the value of these cars had moved in line with the market. It felt unable to comment on what guarantees about future market value she may have got from the broker. It pointed out she could've always have traded in the car with it or just walked away from the car altogether at the end of the agreement. It said she'd made no financial loss. For all these reasons its view was it had no case to answer.

Our adjudicator didn't agree it was likely that Mrs H was guaranteed that the market value of the car would reach a certain minimum value. He also thought she'd not demonstrated that the car's market value had gone down because of the software situation. On this basis he didn't think it fair and reasonable to uphold Mrs H's complaint.

VWFS seemed to accept this recommendation. Mrs H didn't. In summary, she repeated what she had said before. And she also sent in newspaper articles to underscore her points.

Further she talked about the situation in the United States.

We'd reached an impasse so I was asked to take a completely fresh look at Mrs H's complaint.

## **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've finished my review of Mrs H's complaint. I think I have no proper basis to ask VWFS to take any further action. Please let me explain why I've reached this conclusion.

Mrs H and VWFS don't always agree about what happened here. When that happens I've got to decide which version of events I find the most likely.

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.

Mrs H acquired her car using a hire purchase agreement with VWFS. If she only entered into this agreement on the basis of being given false information I'd say it was fair and reasonable to ask VWFS to do something to sort this out.

I see Mrs H thought the car would be worth more than it was when her agreement ended. I don't think it likely that she got any guarantee of this. There are many factors that impact on the market value of a car. Many of these variables are outside the control of any one entity. In the circumstances I can't see the dealer giving any such guarantee on behalf of VWFS.

That said I can see it saying that in the normal course of events it *might be* that the market value of the car *might be* more than the lump sum payment at the end of the agreement. And *if* this happened she'd have money for a deposit. I don't think that this was an untrue statement when it was said, but again I think that statement would've been couched in conditional terms. In other words there would've been no hard and fast guarantee.

I can see Mrs H was disappointed that the car wasn't worth more. But although she tells us the car, which didn't even have the software installed, lost value because of the software in other cars I don't see that causal connection. If the value of cars with the software in them followed the market as the third party data provided by VWFS suggests why then should a car without the software have gone down in value? I've no reason to doubt the data that VWFS sent us on this point in all the circumstances.

I realise Mrs H thinks what happened in the USA should be taken into account in her complaint. But the regulatory regime – and the investigations being done there – are very different to the UK so it wouldn't be fair to compare the situations.

When I think about all the information I've got and the points I've gone through above, I don't agree I can fairly and reasonably ask VWFS to take any further action.

## **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 4 September 2017.

Joyce Gordon  
**ombudsman**