

## **complaint**

Mr D complains that Volkswagen Financial Services (UK) Limited declined his request to enter into a further financial agreement to refinance a final payment on a car. The final payment was charged to him and because he couldn't pay it he had to hand back the car. There were delays in collecting the car which affected Mr D's credit file.

## **background**

In June 2014 Mr D was supplied with a car and entered into a hire purchase agreement with VWFS. The price of the car was £29,225. A deposit of £5500 was paid leaving 323,795 to be paid over 47 months with a final payment of £15,308.30.

Towards the end of the agreement Mr D asked VWFS if he could refinance the final payment. VWFS declined. It said the agreement was in arrears and that these would have to be cleared before a refinance application could be submitted.

Mr D paid the arrears and contacted VWFS again to request a refinance. Shortly afterwards VWFS advised Mr D that his application had been declined. It said the contract date had passed and the final payment was due because the car hadn't been handed back. VWFS offered Mr D the option of part exchanging the car, handing it back or seeking finance elsewhere.

Mr D told VWFS he wanted to hand the car back. The hand back was completed approximately 6 weeks later.

Mr D remained unhappy that VWFS hadn't agreed to a refinance and complained to this service. He was also unhappy that the car hadn't been collected when it should have been and that the outstanding final payment had remained on his credit file which had affected his ability to arrange finance to purchase another car.

Our investigator partially upheld the complaint. She said it was up to VWFS whether it offered a further finance agreement or not and that because the agreement had come to an end and the car hadn't been returned, VWFS hadn't acted unfairly by asking Mr D for the final payment. In relation to the delays in collecting the car, the investigator said it shouldn't have taken so long for the car to be collected or for Mr D's credit file to be amended. She recommended that VWFS paid compensation of £150 for the inconvenience caused to Mr D.

Mr D didn't agree. He said he'd contacted VWFS to try and return the car but it wouldn't allow him to do so and had passed him from one department to another. He also said he'd had to take out credit for his new car at a higher interest rate due to the adverse entry on his credit file.

## **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 can see that the final payment was due to be paid at the end of the agreement in June 2018. I appreciate that Mr D contacted VWFS approximately 2 weeks before the agreement was due to end and asked to refinance the final payment. I can see that at this time there were arrears on the account, so I don't think it was unreasonable for VWFS to ask for the account to be brought up to date before a further finance application could be submitted. I

can see that Mr D paid the arrears the day before the agreement ended and made his refinance application straightaway.

Irrespective of the outcome of the refinance application, I don't think there would've been enough time to process the application before the agreement ended. I appreciate that Mr D was disappointed that his refinance application was declined. Ultimately this was a decision by the underwriters and not by VWFS. It's not something which VWFS has any influence over. As I've already said, the agreement had ended before the outcome of the refinance application was known, so I don't think VWFS made an error or acted unfairly by asking Mr D to pay the final payment.

For the reasons I've given, I'm unable to uphold the part of Mr D's complaint which relates to the refinance application.

In relation to the delays in collecting the car, Mr D has said that he contacted VWFS and asked to return the car as soon as he was made aware that his refinance application had been declined. I've taken what Mr D has said into account but I haven't seen anything to suggest that he advised VWFS that he wanted to hand the car back before the date which VWFS says it spoke to him about this, which was 14 August 2018.

I can see that a third party was meant to collect the car on 30 August 2018 but this didn't happen. Mr D has said that he suffered financial consequences as a result of the failure to collect the car. He's said he had to continue to pay insurance on the car for an extra month until it was finally collected, and that when he came to arrange finance on a new car he had to pay a higher rate of interest due to the fact that the outstanding final payment owed to VWFS was showing as a default on his credit file.

I haven't been provided with details of Mr D's additional insurance costs. Nor have I seen any evidence that he had to pay a higher rate of interest on his new finance agreement. That said, I accept in principle that Mr D was adversely impacted by the delay in collecting the car. The car was collected by a third party acting on behalf of VWFS, so ultimately this is VWFS's responsibility.

VWFS has said that it chased up the third party on 10 September 2018 and that it was a busy time of year. But I don't think a further delay of 2 weeks is acceptable. Mr D was inconvenienced by waiting at home for a collection which didn't happen, and he was adversely impacted by the delays in collecting the car after that.

VWFS has said that the outstanding final payment was removed from Mr D's credit file in mid October 2018. If the car had been collected when it should have been at the end of August 2018, Mr D would have been less severely impacted.

Taking everything into account, I think VWFS should compensate Mr D for the inconvenience caused to him by the late collection of the car.

### **my final decision**

My final decision is that I partially uphold the complaint. Volkswagen Financial Services (UK) Limited must pay compensation of £150 to Mr D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 February 2020.

Emma Davy  
**ombudsman**