

## **complaint**

Mr P complains about the way that his early settlement of two finance agreements has been dealt with by Lloyd Motors Limited.

## **background**

Lloyd Motors had acted as the credit intermediary between Mr P and the credit provider on two finance agreements – one was a fixed sum loan agreement which he used to buy a car and the other was a hire purchase agreement under which a car was supplied to him. Mr P asked it in June 2018 to get settlement figures for both agreements. It provided them to Mr P and he decided to settle the agreements. Lloyd Motors then sent Mr P a cheque for £450. But his direct debits had been cancelled by the time that the cheque was sent to him and the payment was due to the finance provider.

Mr P complained that he'd spent the money and that Lloyd Motors should pay the money that was due to the finance provider. Lloyd Motors said that the settlement letters clearly stated that payments totalling £450 were due to be made by Mr P in order for the quoted settlement figures to stand and that the compliments slip enclosed with the cheque explained its understanding of the situation. It also said that it had made a mistake by sending the cheque to Mr P but it was unaware that he'd cancelled his direct debits. Mr P wasn't satisfied with Lloyd Motors' response so his complaint was considered by this service. Mr P made the payment to the finance provide in August 2018.

The investigator recommended that this complaint should be upheld in part. He said that the cheque shouldn't have been sent to Mr P and that the information regarding the cheque wasn't clear enough for Mr P to be able to understand the correct current status of his account. He concluded that an error was made by Lloyd Motors which resulted in Mr P receiving conflicting information. So he recommended that Lloyd Motors should pay £100 to compensate Mr P for the distress and inconvenience that he'd been caused.

Lloyd Motors has agreed to pay £100 compensation to Mr P but he's asked for his complaint to be considered by an ombudsman. He says, in summary, that he was shown the cheque and the full amount to pay off his finance whilst sat in the showroom waiting to pick up his new car. And he says that if Lloyd Motors had sent that cheque, or processed the payment online, he wouldn't be in this situation. He also says that Lloyd Motors didn't pay-off his finance agreements until July 2018.

## **my findings**

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

Having done so, I'm satisfied that the calculations that have been provided by Lloyds Motor for the settlement of Mr P's finance agreements are correct. Mr P received the cheque for £450 when he wasn't entitled to that amount because he hadn't made the final payments that were due to the finance provider because his direct debits had been cancelled. But Mr P has since paid the £450 to the finance provider and I consider that his finance agreements have now been settled correctly.

Mr P says that he was told by Lloyd Motors to cancel his direct debits – but Lloyd Motors says that it was clear from the early settlement quotes and the compliments slip with which

the cheque was enclosed that the settlement figures were on the basis that the direct debits had been paid.

I consider that Lloyd Motors shouldn't have sent a payment to Mr P until it knew that the outstanding finance had been settled. And, if it had done that, Mr P wouldn't have received a payment to which he wasn't entitled and these issues would've been avoided. But Mr P received £450 to which he wasn't entitled – and I'm not persuaded that it would be fair or reasonable for Mr P to benefit from that.

These events have clearly caused distress and inconvenience to Mr P. And I find that it would be fair and reasonable for Lloyds Motors to pay him £100 to compensate him for that distress and inconvenience. But, other than that, I'm not persuaded that there's enough evidence to show that Lloyd Motors has acted incorrectly in connection with the early settlement of Mr P's finance agreements. So I find that it wouldn't be fair or reasonable in these circumstances for me to require it to pay any other compensation to Mr P – or to take any other action in response to his complaint.

### **my final decision**

For these reasons, my decision is that I uphold Mr P's complaint in part. And I order Lloyd Motors Limited to pay £100 to Mr P to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 June 2019.

Jarrold Hastings  
**ombudsman**