

complaint

Mr E complains that Volkswagen Financial Services (UK) Limited (trading as SEAT Finance) handled his financial difficulty poorly when he lost his job. He says they didn't discuss all options with him.

background

Mr E took out hire purchase agreements with SEAT Finance (SEAT) for a SEAT Mii in 2016 and a SEAT Ibiza in 2013.

In June 2016 he lost his job and contacted SEAT in November to tell them he was in financial difficulty. They told him he had the option to sell both vehicles and then settle the debts or to "voluntarily terminate" the agreements where he would be required to pay half of the debt but would have to return the vehicles for SEAT to dispose of.

Mr E tried to sell the cars but couldn't, so in July 2017 he contacted SEAT again and agreed to voluntarily terminate his agreements - which he did. The shortfalls payable on both vehicles totalled just short of £3600.

SEAT agreed to suspend repayments on these debts for 3 months to allow Mr E to get back on his feet and they suggested they would look at a repayment plan with him thereafter.

Mr E was disappointed with SEAT's approach. He said:

- they sold the vehicles and should offset these sales against his debt
- he should have been offered a payment holiday

But SEAT said they were unable to offer payment holidays on "live agreements" and that they offered Mr E all of the options that were available to them.

Mr E disagreed and he contacted this service, but our investigator agreed with SEAT. She was satisfied that SEAT had been sympathetic and noted they'd suspended his repayments and agreed to look at a repayment plan with him. She didn't think they needed to do anything else. But Mr E disagreed with her and he asked for an ombudsman to review his 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 know it will disappoint Mr E but I agree with our investigator's view and for similar reasons. I'll explain.

When Mr E lost his job the sudden loss of income caused inevitable strain on his finances. When a consumer is suffering financial hardship, as is the case here, a lender is required to treat the consumer in a positive and sympathetic manner. Exactly what this is will vary from case to case and will depend on the specific circumstances of each consumer.

I think that SEAT has treated Mr E in a sympathetic manner. Since he voluntarily terminated his agreement they have agreed to suspend his repayments against the shortfalls and have suggested they will devise a repayment plan with him when payments recommence.

Mr E would suggest that SEAT should've allowed him a repayment holiday before he voluntarily terminated the agreements. But they've explained that they wouldn't do this as it would be recorded on Mr E's credit file and the debt would remain and still need to be attended to. I think this is a sensible and responsible approach as at the time Mr E could not demonstrate that his financial position would change in the coming months and if he'd entered into a payment holiday his financial position would've only worsened.

Mr E also says that SEAT should've offset the proceeds from the sales against his debt but the termination rights in Mr E's contracts with SEAT say:

"they (SEAT) will be entitled to the return of the goods and to half of the amount payable under this agreement."

There is nothing in the agreement that says SEAT need to use the proceeds from the sale of these "goods" to offset Mr E's debt to them. This would be unfair as Mr E would be benefiting from the early termination of his agreement.

Under the terms of the voluntary termination once SEAT took receipt of the vehicles they could sell them.

Mr E was given the opportunity to sell the cars himself and offset the proceeds against his total debt, but he declined. So I'm persuaded that he knew his options and had considered it was more viable to return the cars to SEAT and voluntarily terminate his contract with them.

So for the reasons I've stated, I think SEAT has acted responsibly and sympathetically to Mr E. they have presented the most viable options to him for the resolution of his debt and have been understanding by suspending his payments on the shortfalls. They've also indicated that thereafter they will agree a sensible repayment plan with him.

my final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 27 December 2017.

Phil McMahon
ombudsman