

complaint

Mr C complains that Car Benefit Energy Finance Limited (CBEF) acted unfairly in the way it ended his credit sale agreement.

background

Mr C entered into a credit sale agreement to purchase a company car. This was not the first car he had purchased under this arrangement through CBEF.

At the end of the agreement Mr C had two options; to either “retain” the car, by paying off the loan and keeping the car, or to elect for CBEF to “buyback” the car at the “guaranteed residual value (GRV) rate” agreed when he entered into the contract.

Mr C complained that he had suffered a financial loss because of a change introduced by CBEF to the way it handled the Driver Vehicle Licensing Agency (DVLA) vehicle registration document (V5c). He said he should have been told about the change and, because he was not, he lost in the region of £2,000.

The adjudicator did not recommend that the complaint should be upheld. She concluded that CBEF had not breached any of the terms of the agreement. She also concluded that CBEF had not acted unfairly in the way it dealt with the V5c, and had not prevented him from choosing the “retain” option.

Mr C disagreed with the adjudicator. He said, in summary, that he had purchased his last three cars, but was prevented from doing so this time because of the change, which was implemented after he signed his credit agreement. He believed that CBEF had acted unfairly because it had failed to notify him of the change, and to consider the detrimental impact on him. He said that CBEF had acted unfairly under the Unfair Relationship provisions of the Consumer Credit Act 1974.

my findings

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

Only a court can determine that there is an unfair relationship under the Unfair Relationship provisions. This service decides cases by reference to what is fair and reasonable in all the circumstances, and I will consider Mr C’s case on that basis.

V5c

The change made to the way the V5c was dealt with was introduced in line with DVLA guidance. In the event that Mr C exercised the “retain” option, CBEF was required to send the V5c to DVLA, for Mr C to be registered as the keeper.

When Mr C had exercised the “retain” option previously he was given the V5c by CBEF. This allowed him to immediately sell the car to a motor trader, with only one previous registered keeper recorded - CBEF. Mr C said that previously he was able to sell the car for more than he had to pay under the agreement.

I am not persuaded that CBEF acted unfairly here because the change was made in line with DVLA guidance.

was CBEF obliged to tell Mr C about this change?

I am not persuaded that CBEF was obliged to tell Mr C of the change. How the V5c would be handled did not form part of the terms and conditions of the contract. And the change, in my view, did not alter the options available at the end of the agreement.

financial loss

I do not share Mr C's view that this change prevented him from exercising the "retain" option, and led directly to the financial loss he claims. He chose to exercise the "buyback" option, and I find CBEF met its obligations under the contract once this option was exercised.

I accept that if he wanted to sell the car on, with the V5c in his possession, he would likely have had to wait around four weeks for the change of keeper to be recorded at DVLA. But that did not prevent him from exercising the "retain" option. Also, I consider it unlikely that if the motor trader had agreed to pay £2,000 more for the car, an extra four weeks would have resulted in the car's value diminishing so significantly. I appreciate that Mr C also considers that having the additional registered keeper would have reduced its value. But as I have concluded that CBEF has not done anything wrong here, I cannot reasonably hold it responsible for the loss he claims.

my final decision

For the reasons explained above, my final decision is that I do not uphold Mr C's complaint.

Kim Parsons
ombudsman