

complaint

Mrs T complains that Lookers Motor Group Limited ("LMGL") pressurised her into borrowing finance to buy a car. She then cancelled the finance within the cancellation period allowed by the finance agreement. She said that LMGL's actions and errors have caused her distress.

background

Mrs T wanted to buy a new car from LMGL. She wanted to pay by cash, but LGML said that if she took out finance to buy the car, she would benefit from a £1,900 contribution from the finance provider. She agreed to enter into a hire purchase agreement with a third party "C". The finance was arranged by LMGL, and it was also the dealership from whom Mrs T bought the car. The amount of the finance was £15,500. Mrs T felt the price of the car had been inflated by LGML to achieve the finance amount of £15,500.

The price of the car and extras totalled £28,280. Mrs T paid a deposit of £500 for the car on 3 June 2013, and part exchanged a car which provided £10,700 towards the price. The deposit and part exchange value totalled £11,200. As the balance payable was £17,080 and the finance provider had provided the finance and contribution totalling £17,400, this meant that Mrs T received a refund of part of her deposit of £320. She believes that she should also receive the balance of her initial deposit (£180).

The hire purchase agreement began on 10 June 2013, but Mrs T cancelled it and her settlement amount was received on 13 June 2013 by C.

Mrs T had also asked LMGL to arrange the transfer of her number plate, which it failed to do. It also made other administrative errors. LMGL has paid £300 compensation to Mrs T for its errors and refunded a first service fee of £300. She is seeking additional compensation for the distress caused by LMGL's errors.

The adjudicator did not recommend that the complaint should be upheld. He noted that he could only consider the part of Mrs T's complaint which related to credit broking. This was the way the hire purchase agreement was sold by LMGL. He accepted that administrative errors had been made in relation to the credit broking, but concluded that the compensation paid by LMGL for its errors was fair. He also noted that Mrs T still benefitted from C's finance contribution of £1,900, even though she had cancelled the finance.

Mrs T disagreed and responded to say, in summary, that £180 of her deposit had been incorrectly retained, there were discrepancies in the paperwork which concerned her, and unwanted extras were added to the car's price to enable £15,500 to be lent. She also raised other issues which are not related to credit broking.

my findings

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

I can understand Mrs T's strength of feeling and can see that there have been errors, although some of these do not relate to credit broking. Whilst I can only consider her complaint as it relates to credit broking, Mrs T is free to pursue the other issues through the courts if she so wishes.

I can see that Mrs T cancelled the agreement after a couple of days. But she did benefit from a contribution of £1,900 towards the purchase price of the car by entering into the finance, and she still benefitted from it even after she had cancelled the finance.

Mrs T also believes that the price of the car was inflated by extras so that finance of £15,500 could be lent. But I note that she signed the car order and agreement on 3 June 2013 to confirm that she agreed to buy the car on the terms of the agreement. This included agreement to the total price of the car of £28,280 including listed extras, and the proposed finance amount of £15,500. The agreement is also clear in listing what Mrs T had to pay and that she would get a refund of £320. This appears to be correct. So, on the basis of these figures, I can see that Mrs T is not entitled to a refund of a further £180.

I also note that Mrs T initialled a form to confirm that she had received an explanation of the vehicle finance and had time to review and digest the suitability of the finance product and other finance details. Her initials also confirmed that she had had the opportunity to ask questions, and had the opportunity to seek independent advice about the finance. In view of this, I am not persuaded that Mrs T was pressurised into taking the finance.

Mrs T also complains about the discrepancies in paperwork. I can see that the chassis number was amended on the hire purchase agreement, one letter on the registration number was wrong, and the mileage was inaccurate. But I consider that the £300 compensation paid by LMGL for the distress caused to Mrs T by these errors is reasonable and in line with the level of awards this service makes. The awards we make for compensation tend to be modest.

So, in the circumstances of this complaint as it relates to credit broking, I do not consider that I have grounds to require LMGL to pay Mrs T additional compensation. I appreciate Mrs T will be unhappy with my decision. However, she is not bound by it. If she does not wish to accept my decision, her legal rights remain intact.

my final decision

My decision is that I do not uphold this complaint.

Roslyn Rawson
ombudsman