

The complaint

Mr C complains that Volkswagen Financial Services (UK) Limited trading as Porsche Financial Services (“PFS”) made an error when it amended his agreement which resulted in his monthly payments increasing.

What happened

Mr C was supplied with a car and entered into a hire purchase agreement with PFS. In February 2023 Mr C contacted PFS to change the payment date on his agreement.

PFS’s system incorrectly amended Mr C’s payment schedule and reduced the balloon payment under the agreement from £46,930.00 to £1910.88. This resulted in the full balance being spread over the course of Mr C’s agreement, meaning that his monthly rentals increasing from £1,032.74 to £1910.88.

Mr C paid £1032.74 on 16 February 2023 and £1910.88 on 1 March 2023. On 1 March 2023 Mr C raised a complaint with PFS.

PFS acknowledged the error and wrote to Mr C in May 2023 setting out the options. These were:

1.Reload i.e enter into a new finance agreement for the car with the same terms and conditions as the original agreement.

2.Reduced settlement

Mr C said he wanted to return the car and have his deposit refunded. He brought his complaint to this service.

Our investigator didn’t uphold the complaint. He said that PFS had apologised for the error and had offered Mr C reasonable resolution options.

Mr C said that PFS had continued to take the incorrect monthly payment from him. He said he had asked PFS how it would reload his agreement but had received no response. Mr C said he just wanted PFS to take the direct debit as per his agreement.

The complaint has been passed to me for review.

What I’ve decided – and why

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

PFS has accepted that it made an error when it amended Mr C’s payment schedule. It has offered Mr C two options to remedy the error. These options are:

Option 1

Reload the agreement and take steps to make sure there is no negative impact on Mr C's credit file. No payments to be taken for March and April 2023. Compensation of £878.14 to be paid to Mr C.

Option 2

Reduced settlement

Mr C said he wanted to end the agreement. PFS offered a reduced settlement. The outstanding balance was £84,088.74 but PFS reduced it to £73,540.59, providing Mr C with a saving of £10,548.15.

Taking everything into account, I think that both options are fair and reasonable and in line with the action this service would be asking PFA to take. So I'm unable to uphold the complaint.

Mr C has said that PFA continue to take the higher payment each month. This service asked Mr C whether he had accepted option 1. He said he had provisionally accepted option 1. It isn't clear what Mr C means by this. I've seen reference to some emails which suggest that Mr C has tried to renegotiate option 1 with PFS. But I can't see that PFS has offered or agreed anything beyond the options which are set out above – both of which I think are fair and reasonable.

If Mr C hasn't accepted the settlement offer (option 1) from PFS, then the increased payments will continue to be taken from his account. This is because until option 1 is accepted, PFS won't reload the new agreement and revert to the original monthly payments.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 December 2023.

Emma Davy
Ombudsman