

## **The complaint**

Mr P complains about a motor finance agreement Rockar Limited arranged when he was buying a new car. Mr P believes that he has incurred higher credit costs as a result of commission being paid to Rockar Limited by the finance provider.

Mr P is represented in his complaint by a third party. But for ease, I will refer to all submissions from Mr P and his representative as if being made by Mr P.

## **What happened**

Around March 2021 Mr P was looking to acquire a new car. Rockar Limited was the car dealership and it also acted as a credit broker, arranging finance to fund the cost of the car. Mr P borrowed £58,320.13 to fund most of the cost of the car and this was through a company I shall refer to as B. The remaining £12,580 required for the purchase price was made up of a deposit from Mr P and £1,500 Finance Deposit Allowance. The interest rate on the finance agreement was 4.9% APR and the finance was to be repaid over 49 months.

Mr P believes he has lost out and paid a higher rate of interest on the finance agreement with B because of B making a commission payment to Rockar Limited for arranging the finance agreement.

When responding to Mr P's complaint Rockar Limited explained that it received a flat commission payment of £750 for arranging Mr P's finance agreement and this was connected to the manufacturer supported campaign where Mr P would receive a finance deposit payment of £1,500 when taking out the finance agreement. Rockar Limited set out that there was no discretion on its part in respect of the APR as this was a 'campaign offer'. It said it had no say on the interest rate or the level of any commission as this was set by the campaign.

Mr P referred his complaint to our service, where it was considered by one of our investigators. The investigator was also considering Mr P's similar complaint against the lender and explained that information had also been received and considered from the lender, B. The investigator set out that from the evidence they had seen they were not persuaded Rockar Limited received a commission payment from B for arranging the finance agreement.

The investigator explained that the payment Rockar Limited received from B was a Manufacturer Dealer Credit, which the manufacturer paid Rockar Limited for Mr P taking out the credit agreement. And that although B did make the payment to Rockar Limited, this was on behalf of the manufacturer when the credit agreement commenced. The manufacturer would reimburse B after the payment had been made to Rockar Limited and B effectively only acted as a facilitator of the payment. Mr P did not accept the investigator's conclusions and the complaint has been passed to me to consider.

## **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.

Having done so, I have not upheld Mr P's complaint. I have come to the same overall conclusions as the investigator, for what are broadly the same reasons. Mr P believes that he has lost out as a result of Rockar Limited receiving a commission from B for arranging the finance for the vehicle. Mr P believes he has paid more in interest and charges towards the credit agreement and this has been caused by the commission payment he believes B paid Rockar Limited.

I have noted that in its discussions with Mr P after he made his complaint Rockar Limited has referred to receiving a £750 flat commission payment for arranging the finance agreement for the car. It also explained that the payment was linked to a campaign offer from the vehicle manufacturer and the 4.9% APR that applied to Mr P's finance agreement was part of that campaign. Also, part of the campaign was a finance deposit of £1,500, which Mr P received towards the cost of the car because he took out the finance agreement with B.

But B has indicated that it did not however pay a commission to Rockar Limited for arranging the finance agreement for the car. It has provided a screen shot of its system that refers to a zero amount next to the commission section. I accept that B did make a payment to Rockar Limited, but B has explained this was a Manufacturer Dealer Credit and B merely facilitated the payment on behalf of the manufacturer. B has explained the Manufacturer Dealer Credit is a payment made by the vehicle manufacturer to the credit broker where the consumer takes out a credit agreement for the car with B. This payment is made by B when the credit agreement starts and B would then invoice the vehicle manufacturer and be reimbursed by the vehicle manufacturer the following month.

Having considered all that the parties have said and provided in this complaint, I'm satisfied the payment made in this instance is not a commission payment made by B, the lender, to the broker for arranging the credit agreement. This appears to be an arrangement that the manufacturer has with B and the dealer network so the manufacturer can be sure the payment is only made when the finance agreement is actually taken out. The payment is also referred to as a Manufacturer Dealer Credit, which in my view supports the fact that this is a payment between the manufacturer and dealer, which is also the credit broker and is the role Rockar Limited had in this transaction.

B has also provided a copy of its system records and this shows a zero figure next to the section marked commission. I have not been provided with anything else that demonstrates B made a commission payment to Rockar Limited, as Mr P alleges. And I do not therefore consider Mr P has lost out or paid a higher interest rate for the finance agreement as a result of a commission payment from B to Rockar Limited, as I don't consider the payment here is actually a commission payment from B to Rockar Limited.

### **My final decision**

My final decision is that I do not uphold Mr P's complaint against Rockar Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 December 2023.

Mark Hollands  
**Ombudsman**