

The complaint

Mr P is unhappy with the service he received from Volkswagen Financial Services (UK) Limited trading as Skoda Financial Services (VWFS) when taking out a hire agreement.

What happened

Mr P entered into a hire agreement for a new car with VWFS in January 2023. He paid a deposit of £5,678.74 and the agreement was for 57 monthly repayments of £63.81.

Mr P provided some bank details to enable the direct debit to be set up for the monthly repayments, and VWFS sent him the relevant paperwork. There was an error on the initial agreement sent by VWFS as it didn't show details of the deposit paid by Mr P. Mr P complained about this, and this was rectified a week or so later.

However, VWFS had difficulty in setting up the direct debit for Mr P as the bank details he had provided were for a business account – and for the direct debit to be set up successfully VWFS required the bank details that Mr P used for his personal finances. Unfortunately, VWFS didn't let Mr P know this for a month or so. But as soon as the problem had been communicated to Mr P, the direct debit was able to be set up successfully and the monthly repayments were collected as expected.

Mr P was unhappy with VWFS's customer service. He felt the service he'd received since entering the agreement hadn't been what he'd expected. He was also unhappy that the direct debit payments had been delayed. VWFS responded and partially upheld Mr P's complaint. They acknowledged that he should have been notified much sooner that a business account couldn't be used for the direct debit payments, and that VWFS's advisers should have made him aware of this shortly after the agreement had started.

Mr P felt he should have received some compensation from VWFS for the errors, so he brought the complaint to our service. Our investigator didn't uphold it. He explained that he felt VWFS could've communicated better with Mr P, but he hadn't seen anything to show any significant distress and inconvenience had been caused to Mr P as a result. He said that there hadn't been any adverse impact on Mr P's credit file, and the agreement was running as expected now so, whilst he understood Mr P's frustration, he didn't feel the miscommunication and customer service warranted an award of compensation.

Mr P didn't accept. He felt the service he'd received from VWFS deserved a compensation award.

As Mr P hasn't agreed, it's been passed to me to decide.

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.

It's clear from the information that Mr P's direct debit payments are being made as expected and the agreement is running as it's expected to be. The only thing I need to decide is whether the customer service Mr P received from VWFS was as it should be, and if it wasn't, should an award of compensation be made to him. Whilst I think VWFS's communication and customer service could have been better, I'm not of the opinion that any errors merit an award of compensation. I'll explain why.

However, before I do I want to explain to Mr P that it isn't our role to punish businesses, nor are we the regulator.

Mr P has said that he initially complained to VWFS in February 2023, when he received paperwork in relation to the agreement that didn't show the deposit amount he had paid. And he feels that complaint was never dealt with. But from the information I've seen from VWFS and Mr P, it seems Mr P was happy that the matter was dealt with by VWFS a week after he had brought it to their attention. So, whilst I appreciate Mr P did raise a complaint, I'm also satisfied VWFS dealt with it for him, and to his satisfaction. I don't think VWFS need to do anything else in respect of Mr P's first complaint.

I can understand Mr P's frustration with VWFS in relation to the direct debit instructions he provided and why it took VWFS a couple of months to notify him that the direct debit details weren't acceptable. VWFS have acknowledged this themselves and accepted that Mr P should have been told as soon as he provided the business bank account details that they weren't going to be an acceptable method to collect payment. However, I haven't seen anything to demonstrate how this delay has adversely impacted Mr P, and why an award of compensation should be made. Had VWFS's delays caused Mr P's credit file to be detrimentally affected, for example, then I would be more satisfied that the actions of VWFS had caused some distress and inconvenience that might have needed rectifying. But as things stand, while I appreciate it was probably annoying for Mr P to find out the bank details he'd initially provided weren't acceptable, the situation was quickly put right, and the agreement continued without any further problem.

I know my decision will come as a disappointment to Mr P, as he feels the only way VWFS will improve is if a compensation award is made against them. But as I've explained already, it isn't my role to punish VWFS. I'm satisfied they've accepted they should have handled Mr P's agreement details more thoroughly and with greater speed. I won't be asking them to do anything more here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 December 2023.

Kevin Parmenter
Ombudsman