

The complaint

Mrs S complains about the amount she has to pay to settle her hire purchase agreement with PSA Finance UK Limited (PSA).

What happened

In December 2021, Mrs S acquired a new car through a hire purchase agreement with PSA. The total amount financed on the agreement was £23,692.05 payable over 48 months. PSA confirmed the agreement ended in November 2022 following a part exchange Mrs S arranged with the dealership. PSA wrote to Mrs S confirming her repayments were due on 9 of each month commencing in January 2022.

Mrs S told us that she'd sold her car on 19 November 2022 and paid off her agreement on 25 November 2022. Mrs S said she believed her November's payment was included in the settlement figure given to her, however she said PSA told her that she still needs to make November 2022's payment. Mrs S provided us with a copy of a settlement figure she received from PSA dated 14 November 2022, stating the amount to settle the agreement was £21,977.32.

Mrs S said she complained to PSA on 30 November 2022 about the issue. On 1 March 2023 PSA issued their final response to her complaint. PSA explained that as Mrs S had changed her repayment date to 24 of each month, at the point of settlement, it was expected that she would make her next monthly payment which would have been due on 24 November 2022.

However, to recognise any upset caused when they issued a notice of arrears, PSA agreed to remove half of the outstanding balance, leaving Mrs S to pay £176.44.

Unhappy with PSA's decision, Mrs S brought her complaint to our service for investigation. Having considered the information on file, our investigator recommended that the complaint shouldn't be upheld. They concluded that PSA had acted fairly and in line with their terms and conditions.

Mrs S didn't accept our investigator's recommendation and asked that her complaint be referred to an ombudsman for a final decision.

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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement. As such, this service is

able to consider complaints relating to it.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

My starting point is that Mrs S made a request to settle her finance agreement in November 2022, and received a settlement quote of £21,977.32 on 14 November 2022. PSA confirmed this in their final response and neither party disputes it.

What appears to be in dispute is whether November's monthly repayment is also due in addition to the settlement amount quoted.

The terms of the settlement as set out in PSA's letter says:

"This figure assumes that you've made all the instalment payments under your agreement up to and including 24/11/2022, this amount includes any arrears which have not been paid"

Mrs S provided us with a copy of the settlement letter when she brought her complaint to us, so I'm satisfied that she'd received it and would have had the opportunity to familiarise herself with its contents and the terms of the settlement.

Although Mrs S' repayments were originally set for around 10 of each month, PSA explained in their final response that Mrs S changed it during the agreement to the 24 of each month. As the settlement figure was issued to Mrs S on 14 November 2022, I'm satisfied the next monthly payment, due on 24 November would be due, in order for the settlement to be completed.

I acknowledge Mrs S would have seen the settlement amount of £21,977.32, and so probably made the assumption that it would be sufficient to settle the agreement; however, I think it's reasonable to expect that she'd become familiar with the terms of the settlement which I think were reasonably set out on the following page of the letter.

All things considered; I don't think it'd be fair to ask PSA to absorb this cost for Mrs S as it's a payment that she is liable for.

I recognise PSA has waived half of the payment, to acknowledge any upset caused to Mrs S when she received the arrears correspondence. In the circumstances, I think it's fair for them to have done so.

As I've concluded that PSA have acted fairly by requesting that Mrs S make Novembers' payment, I don't require PSA to take any action in respect of this complaint. I leave it to Mrs S to liaise with PSA with regard to arranging a suitable method of repaying the outstanding balance on her agreement.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I don't uphold Mrs S complaint against PSA Finance UK Limited. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 10 November 2023.

Benjamin John
Ombudsman