

## **The complaint**

Mrs P complains that a hire purchase agreement, under which a car was supplied to her, was mis-sold to her by RCI Financial Services Limited, trading as Nissan Finance.

## **What happened**

A new car was supplied to Mrs P under a hire purchase agreement with Nissan Finance that she signed in August 2014. She returned that car when the agreement ended and a new car was supplied to her under another hire purchase agreement with Nissan Finance that she signed in September 2017. Mrs P returned that car when the agreement ended and a new car was supplied to her under another hire purchase agreement with Nissan Finance that she electronically signed in March 2021.

Mrs P complained to Nissan Finance in June 2022 that the August 2014 and September 2017 agreements were mis-sold to her. She said that she wasn't aware that the dealer wasn't acting in her best interests by ensuring that she was taking out the most appropriate finance for her needs and that she's overpaid interest and lost out financially. She's also made a complaint about the car that was supplied to her under the March 2021 agreement but that complaint has been dealt with separately.

Nissan Finance said that it was unable to uphold her claim that she was mis-sold the August 2014 or September 2017 agreement as she was provided with pre-contract credit information and signed both agreements to confirm that she was satisfied and understood the terms and conditions, including the monthly rentals, the total price and the APR. It also said that she was sent a welcome letter confirming the first monthly rental payment date and enclosing a frequently asked questions page which included information about APRs and total interest charges. It said that she was also sent annual account statements which reiterated the amount of credit, APR, outstanding balance and her rights to early settle or terminate the agreement.

Mrs P wasn't satisfied with its response so complained to this service in October 2022. She says that she believes that she was mis-sold the finance by Nissan Finance as she didn't know that she was paying interest on the balloon payment or that it should have advised her about alternative options.

Our investigator said that there were two separate complaints: a complaint about the August 2014 agreement which would be dealt with separately and this complaint about the September 2017 agreement. He said that the September 2017 agreement clearly set out the costs associated with it, including how much interest was applied and what it was applied to. Mrs P has asked for this complaint to be considered by an ombudsman. She says that she didn't know that there were other options available, that Nissan Finance was paying commission to the dealer or that it had done anything wrong.

Mrs P's complaint about the August 2014 agreement is being dealt with separately and in this decision I'm only dealing with her complaint about the September 2017 agreement.

## 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 agree with the outcome recommended by our investigator for these reasons:

- Mrs P had entered into a hire purchase agreement in August 2014 for a new car to be supplied to her - she returned that car when the agreement ended in September 2017 and a new car was supplied to her under another hire purchase agreement with Nissan Finance;
- the dealer's September 2017 invoice shows that the price of that car was £20,893 from which a total grant/deposit contribution of £2,300, an advance payment of £1,000 and a part-exchange allowance of £2,073.52 were deducted so the amount due was £15,519.48;
- Mrs P signed the hire purchase agreement in September 2017 which showed that the cash price of the car was £20,893, the advance payments totalled £5,373.52 and the amount of credit was £15,519.48, and she agreed to make 48 monthly payments of £242.56 and a final payment of £5,582.48;
- she also signed a "*customer written summary*" in which she confirmed that she'd received the pre-contract credit information – it also said: "*I confirm I have been provided with an oral explanation of the matters outlined above and have received this Summary. I have been given sufficient time to read the information provided and the opportunity to ask questions. I confirm that the credit product is suitable for my requirements, that it is affordable relative to my financial means and that I am not aware of any likely changes to my circumstances that might affect my ability to make the repayments*";
- the pre-contract credit information showed the financial information relating to the hire purchase agreement including the interest rate of 3.99% and the total amount payable by Mrs P;
- the hire purchase agreement also showed that the interest rate was 3.99% and that the interest charges were £1,706.37;
- Mrs P agreed in September 2017 to receive credit of £15,519.48 from Nissan Finance and she agreed to repay that amount to it, with interest charges of £1,706.37, by 48 monthly payments of £242.56 and a final payment of £5,582.48;
- Nissan Finance has provided an account statement which shows that Mrs P made the monthly payments under the agreement and she then returned that car to Nissan Finance and entered into another hire purchase agreement with it for it to supply a car to her;
- I consider that the pre-contract credit information and the hire purchase agreement contained the information that Nissan Finance was required to provide to Mrs P and that they clearly set out the amounts that were due from, and payable by, her;
- Nissan Finance is not a financial adviser and I'm not persuaded that it was required to provide Mrs P with any information about other financing options that might be available to her or that it was required to provide her with any other information;
- nor am I persuaded that there's enough evidence to show that Mrs P has paid to Nissan Finance more than she should have done for the car or that she's paid more interest than she should have;

- Mrs P says that the true value of the car that she handed back wasn't considered and she ended up with a car with a lower specification but an increased monthly payment;
- Mrs P had the option when each of the hire purchase agreements ended to return the car to Nissan Finance and not make the final payment – the cars belonged to Nissan Finance so the value of the car that she returned wouldn't have affected the amount that was payable under the hire purchase agreement that was ending or the hire purchase agreement under which the next car was being supplied to her;
- Mrs P agreed the price of each of the cars with the dealer and agreed the payment arrangements with Nissan Finance – if they weren't acceptable to her I consider that it would be reasonable to expect her not to have entered into the hire purchase agreement for that car to be supplied to her;
- Mrs P said, in response to our investigator's recommendations, that she didn't know that Nissan Finance was paying a commission to the dealer – but there was no reference in Mrs P's complaint letter to Nissan Finance or in her complaint form to any commission that it paid to the dealer so I don't consider that a complaint about any commission forms part of this complaint;
- if Mrs P wants to complain that she didn't know that that Nissan Finance was paying a commission to the dealer, she should first complain about that to Nissan Finance and then, if she's not satisfied with its response, she may be able to make a separate complaint to this service;
- although I make no finding on this point, the customer written summary that was signed by Mrs P in September 2017 says: *"The Dealer is independent from us and we may pay the Dealer commission if you enter into this agreement"*;
- I sympathise with Mrs P for the concerns that she's described but I'm not persuaded that there's enough evidence to show that Nissan Finance mis-sold the September 2017 agreement to her or that it has acted incorrectly in its dealings with her relating to that agreement; and
- I find that it wouldn't be fair or reasonable in these circumstances for me to require Nissan Finance to refund to her any of the money that she's paid under the September 2017 agreement, to pay her any compensation or to take any other action in response to her complaint.

### **My final decision**

My decision is that I don't uphold Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 31 July 2023.

Jarrold Hastings  
**Ombudsman**