

The complaint

Ms M complains about a decision taken by Volkswagen Financial Services (UK) Limited ("VWFS") to terminate her hire agreement ("agreement") and to seek the return of 'her' car

Ms M has been represented from time to time by a third party, but for ease I will simply refer to Ms M in this decision rather than Ms M and her representative.

What happened

On 18 June 2021 Ms M entered into an agreement with VWFS for a car. Under the terms of the agreement, everything else being equal, Ms M undertook to pay an advance rental of £2,665.64 followed by 35 monthly rentals of £355.11.

- On 28 July 2021 VWFS wrote to Ms M to advise her agreement was £2,665.64 in arrears (advance rental).
- On 14 August 2021 VWFS wrote to Ms M to advise her agreement was £355.11 in arrears (1 monthly rental).
- On 23 May 2022 VWFS wrote to Ms M to advise her agreement was £355.11 in arrears (1 monthly rental).
- On 10 June 2022 VWFS sent Ms M a notice of sums in arrears.
- On 6 July 2022 VWFS wrote to Ms M to advise her agreement was £710.22 in arrears (2 monthly rentals).
- On 12 August 2022 VWFS wrote to Ms M to advise her agreement was £1,065.33 in arrears (3 monthly rentals) and if payment wasn't made by 31 August 2022 it reserved its right, amongst other things, to terminate the agreement.
- On 21 September 2022 VWFS issued Ms M with a default notice. Under cover of this notice VWFS said that if the car wasn't insured by 10 October 2022 it reserved its right, amongst other things, to terminate the agreement.
- On 21 October 2022 VWFS issued Ms M with a default notice. Under cover of this notice VWFS said that if arrears of £1,420.44 (4 monthly rentals) weren't paid by 9 November 2022 it reserved its right, amongst other things, to terminate the agreement.
- On 13 November 2022 VWFS sent Ms M a notice of sums in arrears.
- On 12 January 2023 VWFS terminated the agreement with the sum of £3,722.32 noted as being outstanding and due (£1,775.55 arrears plus £1,946.77) and advised Ms M of the same.
- On 6 March 2023 Ms M paid VWFS the sum of £3,722.32 and asked about having her agreement reinstated and about being able to retain the car. VWFS confirmed it wasn't prepared to reinstate the agreement and the car would need to be returned.
- On 14 March 2023 Ms M raised a complaint with VWFS about its refusal to allow her agreement to be reinstated and its refusal to allow her to retain the car.
- On 17 March 2023 VWFS issued Ms M with a final response letter ("FRL"). Under cover of this FRL VWFS said it was satisfied that it had done nothing wrong, but it would allow Ms M to retain the car until 17 April 2023.

Ms M's complaint was considered by one of our investigators who came to the view that VWFS had done nothing wrong.

Ms M didn't agree with the investigator's view and raised concerns that on the car's ultimate return VWFS might hold her liable for further rentals.

The investigator considered Ms M's response to his view but wasn't persuaded to change his mind. And because of this Ms M's complaint has been passed to me for review and 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.

Having done so I can confirm that I've come to the same conclusions as the investigator and for the same reasons. There is also very little I can usefully add to what has already been said.

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.

I don't underestimate the position Ms M was in prior to the agreement being terminated, both financially and personally, and the effect this would have had on both her health and general wellbeing. But equally it's not in dispute that VWFS was unaware of Ms M's personal and financial circumstances until after the agreement had been terminated. So although I've sympathy and empathy for the position Ms M now finds herself in I can't reasonably conclude that VWFS did anything wrong in terminating the agreement, especially given the number of letters it sent prior to termination.

I can appreciate why Ms M might hold the view that having paid VWFS the sum of £3,722.32 it should reinstate the agreement and allow her to retain the car. But unfortunately for Ms M this isn't something, in the particular circumstances of this case, I can reasonably ask VWFS to do.

So, in summary, I'm satisfied that VWFS did nothing wrong in terminating Ms M's agreement, nothing wrong in refusing to reinstate it and it's entitled to the return of the car.

I think it's also worth pointing out that Ms M has had a significant benefit, including a financial one, as a result of VWFS allowing her to have continued use of the car since January 2023 rather than insisting on its return.

I can see that Ms M has raised concerns that on return of the car VWFS might try and hold her to further rentals. However, I can confirm that VWFS has said that there is no *"termination shortfall"* and *"nor would there be any further costs to return the car"*.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 11 November 2023.

Peter Cook
Ombudsman