

The complaint

Miss L is unhappy that a conditional sale agreement with Close Brothers Limited trading as Close Brothers Motor Finance wasn't properly explained to her.

What happened

On 31 March 2023, Miss L was supplied with a used car through a conditional sale agreement with Close Brothers. She paid an advance payment of £566.48, and the agreement was for £12,578.52 over 60 months; with monthly payments of £311.36. The agreement stated that the interest rate was "8.90% fixed for the duration of the term", which gave an APR of 18.2% when taking into consideration the £340 acceptance fee and the £10 title transfer fee, both of which were included in the total charge for credit.

On 11 March 2024, Miss L complained to Close Brothers that the full terms of the agreement and the interest rate hadn't been fully explained to her at the outset of the agreement. Close Brothers said that she'd been provided with full details of the agreement before she signed it, and she didn't raise any queries about this – either before the agreement was signed, or in the 12-months following the agreement. So, they didn't uphold her complaint.

Miss L wasn't happy with Close Brother's response, and she brought her complaint to the Financial Ombudsman Service for investigation. Miss L said that she was suffering from a medical condition at the time she signed the agreement, which impacted her ability to understand what she was signing. Miss L also said that she was offered a higher amount in part-exchange for her car than was detailed on the agreement.

Our investigator said that Miss L signed the agreement with Close Brothers, and in doing so agreed to be bound by its terms. They said the agreement was clear in relation to both the fees being charged, and the interest (both rate and amount) that Miss L would be paying. So, they didn't think that Close Brothers had done anything wrong.

Miss L didn't agree with the investigator's opinion. She said that we hadn't taken into consideration the effects of the medical condition she was suffering, or that she was admitted to hospital the day she signed the paperwork. Miss L also said that *"I was a lone female at the dealership and felt pressured to sign the document as there were 3 males present in the office [and] they had taken the car I was part exchanging for a test drive and had not returned the keys to me."* So, she asked that an ombudsman decide her complaint.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Miss L was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

It's not disputed that, prior to signing the agreement, Miss L was provided with a pre-credit agreement, and a copy of the agreement itself. Nor is it disputed that Miss L signed the agreement. And, in doing so, she agreed to the terms of the agreement, which included the fixed interest rate of 8.9% and the payments of £311.36 a month.

I've also seen that Miss L signed paperwork with the dealership, also on 31 March 2023, which confirmed a part-exchange allowance of £5,000 for her existing car. This also confirmed that Miss L had £4,433.52 outstanding finance on the car she was part-exchanging, leaving a balance of £566.48 to be used as a deposit for the car supplied by Close Brothers. This is the amount of deposit showing on the conditional sale agreement Miss L signed.

I've noted that Miss L says she was quoted £5,500 part-exchange value for her existing car, although I haven't seen anything to show me that was the case. So, based on what I've seen, I'm satisfied that Miss L was provided with all the information about the transaction before she signed the paperwork to accept the terms offered. And I've seen nothing to show me that Close Brothers have deviated from these terms.

Turning to Miss L's comments about her medical condition at the time, and how this affected her capacity to understand what she was signing. She's provided a copy of a letter from her doctor, which confirms she was hospitalised for three days starting 31 March 2023, the day she signed the paperwork.

However, and while I don't doubt she was affected by what was happening to her medically, the doctor's letter states a different reason for hospital admission to what Miss L has said she was hospitalised for. And, while the reason Miss L has given for her hospitalisation may result in a temporary reduction in mental capacity; the reasons for hospitalisation confirmed by her doctor aren't usually associated with this.

What's more, the doctor's letter doesn't specifically say that Miss L's capacity to read, understand, and sign paperwork was affected by the medical condition she was suffering from. So, I can't agree that Miss L lacked capacity at the time she signed the paperwork.

I've also noted Miss L's comments about what happened at the dealership at the time she signed the paperwork. While the medical condition the doctor has confirmed she was suffering from at the time would undoubtedly have left Miss L feeling unwell, I haven't seen anything to show me that she was put under any undue duress to sign paperwork that she would ordinarily not have done.

It's also the case that, if Miss L did feel threatened into signing the paperwork at the dealership, I would have reasonably expected her to raise this with Close Brothers once she had been discharged from hospital and was feeling well enough i.e., within a maximum of a month or so after being discharged on 3 April 2023. However, Miss L didn't do this, and she waited almost a year before complaining to Close Brothers. What's more, when she did this, she only complained that the terms of the agreement hadn't been explained to her at the point of signing. She also didn't raise the conduct of the dealership in her follow up letters to Close Brothers in April 2024, nor did she do so when she initially raised this matter with

ourselves. As such, I'm not satisfied that the dealership acted inappropriately at the point Miss L signed the paperwork.

Given the above, and while I appreciate this will come as a disappointment to Miss L, I don't think Close Brothers have done anything wrong, and I won't be asking them to do anything more.

My final decision

For the reasons explained, I don't uphold Miss L's complaint about Close Brothers Limited trading as Close Brothers Motor Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 21 November 2024.

Andrew Burford
Ombudsman