

The complaint

Mr H is unhappy that Hyundai Capital UK Limited trading as Kia Motors Finance (Hyundai) charged him more than he had been told by the supplying dealer when he sought to settle his hire purchase agreement early.

What happened

In February 2024 Mr H was supplied with a new car through a conditional sale agreement with Hyundai. He paid an advance payment of £5,500 and the agreement was for £14,939 over 36 months; with 36 monthly payments of £91.78 and a final payment of £6,135.

Mr H said that when he entered into the agreement, he intended to make two monthly payments then settle the agreement. He said he did this as the supplying dealer told him this was the best deal available for the car he wanted.

He said the supplying dealer told him the amount he would have to pay to settle the agreement was £7,614. He said this equalled the amount he'd borrowed minus the two monthly payments.

He said that when he contacted Hyundai in May 2024 to settle the agreement he was told he would have to pay £7,854. He said this was more than he was told he would have to pay.

He said he'd been very specific with the supplying dealer and had been provided with figure of £7,614 in writing. He said he wouldn't have purchased the car if he had known he would have to pay "*hundreds more pounds*".

He said he had been deliberately misled by the supplying dealer.

He was also unhappy that Hyundai told him he had to pay the third month's payment as this was now due. He said they told him his credit rating would be affected if he failed to make the payments.

Hyundai said that they had given Mr H an accurate settlement figure calculated in line with the Consumer Credit (Early Settlement) Regulations 2004. They said the supplying dealer hadn't provided Mr H with an exact settlement figure and had made him aware of this.

Hyundai did accept that the dealer's estimate was wrong, even though it was stated to be an estimate. For this reason, they offered to pay £200 to Mr H to compensate for the distress this had caused him.

Mr H was unhappy with this response, so he referred his complaint to our service for investigation.

Our investigator didn't uphold Mr H's complaint. She was persuaded that the supplying dealer made reasonable efforts to make Mr H aware the figure it had provided was an estimate, so Hyundai hadn't done anything wrong. She also said that the £200 Hyundai had offered was fair in the circumstances.

Mr H didn't agree with the investigator. He said the investigator seemed only to have looked at what Hyundai had said without considering his experience and understanding of the process. He said the supplying dealer did not make it clear to him that it could not provide an accurate settlement figure.

He said that when the dealer had given him the settlement figure it said it was within "a *couple of pounds*", and the email it provided appeared to confirm this.

Because Mr H didn't agree, this matter has been passed to me to make 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.

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. Mr H was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

Section 56 of the Consumer Credit Act says that finance providers like Hyundai are liable for what is said by others, in this case the dealer, before the consumer enters into the agreement.

This means that if Mr H was told something by the dealer that persuaded him to enter into the agreement, but that turned out not to be true, I would treat that as a misrepresentation

So I've carefully considered the information provided, including Mr H's own testimony.

As this was a discussion in person there's little evidence of what was asked and what was said in reply.

Mr H says that the dealer did not tell him the settlement figure it provided was an estimate. He said the dealer worded the email "*in the same way as he had done verbally*".

So I've looked at the written confirmation provided by the dealer. I'm satisfied that it is sufficiently clear that it was not a fixed or accurate quote. It stated that the amount Mr H would have to pay "*would be in the region of £7,614.44*". It also explained that the dealer "*cannot be 100% on the exact amount you would pay over the phone but it would be in that region*".

It's clear to me that the qualifying statements I have highlighted above – "*in the region of*" and "*cannot be 100% on the exact amount*" – show that the information provided by the dealer could not be relied upon, and that it was more likely than not that the settlement figure Mr H would have to pay would differ from the amount quoted at that time.

So I don't agree that Mr H has been misled, or the information was misrepresented, deliberately or otherwise. Mr H went ahead with the purchase knowing that he would have to pay an amount to settle the agreement. I'm satisfied that he should've known that the settlement figure would have to be calculated at the time of his request to settle, and it would likely be different to the amount the dealer quoted.

Mr H is also unhappy that he had to pay a third monthly payment, when his intention was to only make two monthly payments. I think it was reasonable that Hyundai told Mr H that the third payment was now due, and that a failure to make that payment may impact on his credit file. That payment was due, and Hyundai have a regulatory duty to report missed or late payments to the credit reference agencies.

Hyundai offered Mr H £200 to compensate for the wrong information they said the dealer provided. Mr H should contact Hyundai direct if he wishes to accept this offer. But, as I'm satisfied Hyundai haven't done anything wrong, I won't be asking them to do anything more.

My final decision

For the reasons explained, I don't uphold Mr H's complaint about Hyundai Capital UK Limited trading as Kia Motors Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 December 2024.

Gordon Ramsay
Ombudsman