



Case study: Non-Bank Money Services/Credit

COMPLAINANT PURCHASED A CAR STILL THE SUBJECT OF AN EXISTING HIRE PURCHASE CREDIT AGREEMENT

Themes: Hire purchase information; out-of-mandate; motor dealership; sufficiently close relationship.

This complaint relates to a customer who unwittingly purchased from a seller a vehicle that was already secured under the seller's original purchase hire agreement with a third-party credit provider.

In March 2022, Mr J, a car dealer, brought a vehicle from a private individual and paid him approximately £16,500. Mr J was told by the seller that there was no financing agreement in place on the vehicle and believed this to be a direct, private sale.

In November 2022 Mr J was approached by a credit provider. It turned out that the vehicle Mr J had purchased was under an existing hire purchase agreement. The credit provider requested Mr J surrender the vehicle as the payments under the hire purchase agreement had not been made. As such, the vehicle remained the property of the credit provider until all monies due under the hire purchase agreement had been paid. As Mr J was not a client of the credit provider but had been a victim of a crime when he purchased the vehicle, Mr J was unable to make a complaint to the credit provider. Therefore, Mr J referred his complaint to CIFO.

CIFO investigated and noted that Mr J could have completed a 'Hire Purchase Investigation' on the vehicle prior to the sale, at which point he would have been able to identify that the vehicle was the subject of an existing hire purchase sale and could not have been sold without the credit provider's permission. CIFO also noted that Mr J had been a victim of an unauthorised sale and, as he was not a client of the credit provider, there was no sufficiently close relationship between Mr J and the credit provider that would enable CIFO to review the complaint. CIFO therefore rejected the complaint for being out-of-mandate.