

# Car finance complaints



Some car finance customers may have been charged too much on their loans. Find out what to do if you think this affects you.

- Before January 2021, some lenders allowed brokers (the person that arranges the loan, for example, your car dealer) to adjust the interest rates they offered customers for car finance. Typically, the higher the interest rate, the more commission the broker received.
- This was known as a **discretionary commission arrangement**.
- Discretionary commission arrangements created an incentive for brokers to increase how much people were charged for their car loan.
- We banned this practice in 2021. But there has since been a high number of complaints from customers about how much they were charged before the ban.
- Providers (lenders and brokers) are rejecting most of these complaints, because they believe they haven't acted unfairly and haven't caused customers to lose out.
- We're assessing the extent of the problem to make sure that, if you are owed compensation, you get it in the best way possible.



## Who this applies to

This applies to you if:

- you **used car finance** to buy a car **before 28 January 2021**, this includes hire purchase agreements, such as Personal Contract Purchases
- your lender and broker had a **discretionary commission arrangement**

This doesn't apply if:

- you used car finance to buy a car **on or after 28 January 2021**
- you used a hire agreement, such as a Personal Contract Hire

If this doesn't apply to you, but you have a complaint about another issue, find out how to complain.



## What we're doing and what it means for you

We're examining the issue to make sure that, if you are owed compensation, you get it in the best way possible. In the meantime, we're introducing 2 key measures to make sure providers deal with complaints in a consistent, efficient and orderly way.

### 1 Pausing the complaints process

**We're pausing the 8-week deadline for providers to respond to complaints involving this type of commission until 25 September 2024 .**

**If you've already complained:**

Visit [fca.org.uk/car-finance-complaints](https://fca.org.uk/car-finance-complaints) and use our tool to find out what it means for you.

**If you think you may have been affected but haven't yet complained:**

Once we have more information, we'll decide the best way to get compensation to you if you've lost out.

You may want to wait for us to finish this work before you complain, but it's still important you do so within time limits.

Generally, you need to complain to your provider within 6 years of the problem happening or, if later, within 3 years of you becoming aware that you had cause to complain. If you think you could be running out of time, you should consider complaining to your provider now.

You can ask your provider if they used a discretionary commission arrangement.



### 2 Giving you longer to refer your complaint

**If you're unhappy with a response you've had to this type of complaint from your provider, we're giving you longer to take your complaint to the Financial Ombudsman Service.**

Usually, you have to take your complaint to the Financial Ombudsman within 6 months of getting a final response from your provider, but we're extending this to 15 months if you were sent a final response between 12 July 2023 and 20 November 2024.

## Making a complaint

To make a complaint, you must complain to your provider in the first instance. You can then make a complaint to the [Financial Ombudsman](#) if you're unhappy with the outcome.

It's free and simple to complain to your provider and the Financial Ombudsman, and free guidance is available from [MoneyHelper](#).

A claims management company can make a complaint on your behalf, but you will have to pay a fee.

[fca.org.uk/car-finance-complaints](https://fca.org.uk/car-finance-complaints)