



Update on your car finance complaint

July 2026

We know many people have been waiting a long time for their car finance complaints to be resolved. This update explains what has happened and what it means for you. As you've already complained you don't need to do anything further for now.

We set up a compensation scheme as the best way to compensate millions of people who weren't told important information about their car finance deals.

The scheme has been legally challenged by Consumer Voice, represented by Courmacs Legal Ltd, and by three lenders: Volkswagen Financial Services, Mercedes Benz Financial Services, and Crédit Agricole Auto Finance. This has delayed payouts that were due to begin this year.

We remain committed to ensuring consumers receive any compensation owed as quickly as possible and will defend the scheme robustly.



What this means for you

The challenge is due to be heard either in December 2026 or in February 2027, with a judgment expected in the following months.

Until the legal process concludes, lenders do not need to calculate or pay compensation to people owed money under the scheme.

If the scheme is upheld, and the judgment isn't appealed, we expect payments under the scheme to begin in 2027. Lenders would have to follow the scheme rules and we'd supervise them closely to make sure they do. If you felt your lender had not followed the rules, you could ask the Financial Ombudsman Service to review the decision.

If the scheme is overturned in whole or part, we will need to decide what to do next.

A compensation scheme is the simplest route for consumers and the most efficient way for lenders to put things right. However, a revised scheme could face further legal challenge, delaying compensation until 2028 or beyond.

We want to secure fair compensation for consumers as quickly as possible. If the scheme is overturned, we may instead tell lenders to resolve complaints individually under the usual complaints process. Lenders would need to respond within 8 weeks, and you could go to the Financial Ombudsman Service if you think you haven't been treated fairly.



If you are not owed compensation

In the meantime, lenders must tell you if you have complained and are not owed compensation under the scheme, unless:

- your lender considers your complaint is out of time.
- your complaint is about a contractual tie and the lender says you are not owed

compensation because there were visible links between the lender, manufacturer and franchised dealer, for example because they shared a common or similar name.

These issues are part of the legal challenge.



If you complained by the relevant date below and you are not owed compensation under the scheme, your lender should tell you by:

- **18 November 2026**, if your agreement began on or after **1 April 2014** and you complained by **30 June 2026**.
- **18 January 2027**, if your agreement began before **1 April 2014** and you complain by **31 August 2026**.

If you complain after these dates, and you are not owed compensation, your lender should tell you within **5 months** of receiving your complaint.

If your lender says you are not owed compensation under the scheme rules, or that your case falls outside of the scheme, and you think it has made a mistake, ask your lender to review its decision. If you are still unhappy, you can refer the complaint to the Financial Ombudsman Service. You can also consider making a claim through the courts.

If your complaint also covers issues outside the scheme, your lender should still tell you the outcome of that part of your complaint if it finds you are not owed compensation under the scheme.



If you've signed up with a claims firm

You do not need to use a claims management company (CMC) or law firm to claim compensation – there is information on how to complain for free on the [FCA website](#).

Don't sign up with more than one CMC or law firm. It could delay your compensation and mean you have to pay multiple fees. If you have, decide whether to claim directly or continue with one representative, and tell your lender and representatives how you want to proceed.

If you signed up with a CMC or law firm and now wish to cancel, you may be asked to pay a fee. That fee must be reasonable and reflect the work done. Most car finance claims are still

at an early stage, so check any fee demand very carefully.

We've seen poor practice from some claims firms. If you're unhappy with how a CMC or law firm has handled your case, complain directly to the firm first. If it is not resolved, you can complain to the relevant Ombudsman. We've created a [template letter \(doc\)](#) to help.

If you think you've been signed up without consent, misled or treated unfairly, you can ask to exit your contract for free. You may also be owed compensation by the CMC or law firm. Fees may not be appropriate if the CMC or law firm has not followed the law when handling your case or data.



Taking your claim to court

You can also bring a claim to court. If you're considering this option, you should think about getting independent legal advice.

Taking a claim to court is more complex and less certain. After legal fees, you could end up with less.



Your lender, or claims management company or law firm if you are using one, should keep you updated. You can also find out more at [fca.org.uk/carfinance](https://www.fca.org.uk/carfinance)