DIY Car Finance Compensation Guide (UK)

How to Identify, Prepare and Pursue a Motor Finance Compensation Claim

This guide explains how UK consumers can investigate and pursue potential compensation claims relating to motor finance agreements, including PCP and Hire Purchase agreements. It covers undisclosed commissions, affordability issues, unfair relationships, and complaint procedures.

1. Common Types of Car Finance Claims

- Undisclosed dealer commissions
- Inflated interest rates
- Mis-selling of PCP agreements
- Unfair relationships under the Consumer Credit Act
- Affordability failures
- Pressure selling or hidden add-ons

2. Finance Companies Commonly Involved

- Black Horse Finance
- Santander Consumer Finance
- MotoNovo Finance
- Close Brothers Motor Finance
- Barclays Partner Finance
- Moneybarn
- Hitachi Capital Vehicle Solutions

3. Documents You Should Gather

- Finance agreement
- Vehicle purchase invoice
- Settlement statements
- Bank statements showing payments

- Emails or communications with the dealer
- Credit reports and affordability evidence

4. Signs Your Agreement May Have Been Mis-Sold

- You were not told the dealer received commission
- APR appeared unusually high
- No affordability checks were carried out
- You did not understand the balloon payment
- Optional products were added without explanation
- You felt pressured into signing quickly

5. How to Submit a DSAR

- Request a copy of your agreement
- Ask for commission details
- Request affordability assessments
- Request internal notes and communications
- Keep copies of all correspondence

6. Complaint Process

- Write directly to the finance company
- Clearly explain why you believe the agreement was unfair
- Request copies of commission arrangements
- Ask for compensation and statutory interest
- Allow up to 8 weeks for a final response

7. Escalating to the Financial Ombudsman Service (FOS)

- If your complaint is rejected or ignored after 8 weeks
- Submit the complaint to the Financial Ombudsman Service
- FOS is free for consumers
- Provide copies of your evidence and complaint correspondence

8. Potential Compensation

- Refund of commissions
- Refund of excess interest
- 8% statutory interest
- Partial settlement refunds
- Possible restructuring of the agreement

Sample Complaint Wording

Dear Sir/Madam,

I wish to raise a formal complaint regarding my motor finance agreement. I believe the agreement may have involved undisclosed commissions and/or an unfair relationship under the Consumer Credit Act 1974.

Please provide details of all commissions paid, how the interest rate was determined, and copies of all affordability and underwriting assessments.

I request that you investigate this matter and provide appropriate compensation, including statutory interest where applicable.

Yours faithfully,

Useful Organisations

Organisation	Purpose
Financial Ombudsman Service	Independent complaints review
Financial Conduct Authority (FCA)	Regulator guidance and updates
Information Commissioner’s Office (ICO)	DSAR and data rights

Disclaimer: This guide is provided for general informational purposes only and does not constitute legal advice. Claim outcomes vary depending on individual circumstances and evidence.