

### Complaints About Commission Models

If you would like to make a complaint, or have any questions regarding commission complaints, please contact our dedicated email: [commissioncomplaints@toyota-fs.com](mailto:commissioncomplaints@toyota-fs.com).

If you have already sent us a complaint about commission, we will acknowledge your complaint and confirm when you should expect to receive a response.

### Frequently Asked Questions

#### What is Discretionary Commission?

Prior to 28<sup>th</sup> January 2021, certain lenders permitted brokers (individuals who arrange loans, such as car dealers) to adjust the interest rates offered for car finance.

The broker's commission was determined by the interest rate (APR) - the lower the interest rate, the lower the commission, and vice versa. This arrangement was referred to as Discretionary Commission. However, as of 28<sup>th</sup> January 2021, this commission model is no longer allowed.

When it comes to car finance agreements, there are various factors to consider, and the APR agreed is just one of them. These factors may include the car's transaction price, the deposit amount, the agreement term, the trade-in vehicle's value, and the inclusion of optional extras or special equipment.

#### I am a Toyota Financial Services customer; do I have an eligible complaint?

You may have an eligible complaint if:

1. You entered into a Toyota Personal Contract Purchase (PCP) or Toyota Hire Purchase (HP) agreement before 28<sup>th</sup> January 2021 and your agreement included a discretionary commission arrangement (DCA); or
2. You entered into a Toyota Personal Contract Purchase (PCP), Toyota Hire Purchase (HP) or Personal Contract Hire (PCH) agreement and your agreement included a non-discretionary commission arrangement (Non-DCA).

#### When can I expect a response from you?

The Financial Conduct Authority (FCA) announced on 11<sup>th</sup> January 2024 that they would be conducting an industry review and pausing the 8-week deadline for handling complaints and providing final response letters relating to vehicle finance discretionary commission models. This is to allow them time to design, consult on and introduce an alternative way of dealing with DCA complaints, such as a consumer redress scheme if the FCA thinks that's appropriate.

The FCA made further announcement on 19<sup>th</sup> December 2024 that they are now also extending the deadline for sending final response letters about non-discretionary commission models.

These temporary changes mean that firms don't need to provide final response letters to:

- (1) discretionary commission complaints during the pause period beginning 17<sup>th</sup> November 2023 and currently due to end on 4<sup>th</sup> December 2025; and
- (2) non-discretionary commission complaints received in the period beginning 26<sup>th</sup> October 2024 and ending 4<sup>th</sup> December 2025.

This means that the 8-week deadline to send you a final response letter does not start until the end of the above pause periods.

Toyota Financial Services will provide further details to you once the FCA have had an opportunity to carry out their investigations and reached a conclusion.

#### Why has the FCA extended the pause period?

The FCA originally expected the pause of the 8-week deadline for handling complaints relating to vehicle finance discretionary commission models would end on 25<sup>th</sup> September 2024.

The FCA confirmed on the 24<sup>th</sup> September 2024 that the pause will now be extended and is currently due to end on 4<sup>th</sup> December 2025.

The FCA extended the pause as it needed further time to review the data, they had been collecting from vehicle finance lenders and also to assess the outcome of a judicial review of a Financial Ombudsman Service final decision published against a lender, Barclays Partner Finance, on 11<sup>th</sup> January 2024 and also other relevant cases that have recently been in the Court of Appeal.

The extension also follows the judgment of the Court of Appeal on 25<sup>th</sup> October 2024 which is relevant to both discretionary and non-discretionary commission arrangements and it has introduced a new development in the case law on motor finance commission. The Supreme Court has given the two lenders permission to appeal the judgment, and such appeal has been listed for 1<sup>st</sup> to 3<sup>rd</sup> April 2025. The outcome of the appeal could affect the FCA's review of the motor finance market and its update on non-discretionary commission complaints.

#### **Does this apply to new and used vehicles?**

Yes, this applies to both new and used vehicles.

#### **What type of agreements are covered in the FCA's review?**

FCA's review of discretionary commission arrangement covers Hire Purchase (HP) and Personal Contract Purchase (PCP) agreements.

Following the judgment of the Court of Appeal on 25<sup>th</sup> October 2024, the FCA is also looking into non-discretionary commission arrangement which in addition to Hire Purchase (HP) and Personal Contract Purchase (PCP) agreements also covers Personal Contract Hire (PCH) agreements.

#### **If I log a commission complaint, when will I get a final decision from you?**

The FCA paused the requirement to respond to both discretionary commission arrangement and non-discretionary commission arrangement complaints while they undertake their review and decide what action, if any, will be required by firms for these complaints.

The pause is currently due to end on the 4<sup>th</sup> December 2025.

If you submit a relevant complaint, you will receive a final response from Toyota Financial Services after the pause has ended. The FCA has taken this step to ensure complaints are dealt with consistently by all motor finance providers.

#### **Can I take my complaint to the Financial Ombudsman?**

It's important you contact the Financial Ombudsman by the date given in our final response letter, or they may not be able to help.

#### **Discretionary Commission Arrangement complaint:**

- If you're sent a final response letter between 12<sup>th</sup> July 2023 and 29<sup>th</sup> April 2025, you'll now have until 29<sup>th</sup> July 2026 to take your complaint to the Financial Ombudsman.
- If you're sent a final response letter between 30<sup>th</sup> April 2025 and 29<sup>th</sup> January 2026, you'll have 15 months from the date the final response is sent to refer your complaint to the Financial Ombudsman.

#### **Non-Discretionary Commission Arrangement complaint:**

- If you're sent a final response letter between 21<sup>st</sup> June 2024 and 29<sup>th</sup> April 2025, you'll have until 29<sup>th</sup> July 2026 to take your complaint to the Financial Ombudsman.
- If you're sent a final response letter between 30<sup>th</sup> April 2025 and 29<sup>th</sup> January 2026, you'll have 15 months from the date the final response is sent to refer your complaint to the Financial Ombudsman.

#### **Why haven't you responded to my complaint about a commission arrangement?**

We're currently dealing with a high volume of enquiries so it may take us longer than usual to respond to some customers. We apologise for the delay.

**Why haven't you been able to find my agreement with the information I submitted?**

If the information you provide doesn't match our records, we won't be able to find your agreement.

Common reasons for this include:

- If you've moved house.
- If your agreement was taken out more than six years ago, we're more likely to find it if you provide the agreement number.
- If you've changed your name.

To be able to match your complaint with a historical finance agreement we need the following information:

- Agreement number OR vehicle registration
- Date of birth
- Full name (as at the end of your agreement)
- Address and postcode (as at the end of your agreement)