

Car Finance Lenders Scramble to Protect Billions as Johnson Supreme Court Case Looms

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Landmark Case Could Uncover Widespread Mis-Selling and Hidden Commissions, Sparking a £43 Billion Reckoning

Cheltenham, 23 January 2025 – The UK car finance industry is on the cusp of a seismic shift as the landmark Supreme Court case Johnson v. FirstRand Bank Ltd unfolds. At stake? An estimated £43 billion in potential consumer claims, with widespread allegations of hidden commissions in Personal Contract Purchase (PCP) agreements threatening to shake the foundations of the sector.

At the heart of the debate lies a fundamental question: Are car finance lenders systematically failing to disclose essential commission details, leaving consumers to bear the financial burden of hidden costs?

The case has sparked an unprecedented intervention by major players, including Labour's Shadow Chancellor Rachel Reeves, lenders representing billions of pounds, and organisations advocating for consumer rights. **Sentinel Legal**, the UK's leading consumer rights law firm specialising in car finance mis-selling claims, is at the forefront of the fight for consumer justice.

"The car finance industry is facing a potential reckoning," says Sam Ward, Director of Sentinel Legal. "The Johnson case could expose systemic wrongdoing and finally deliver the transparency consumers deserve, but the fact that everyone is scrambling to intervene speaks volumes," added Ward. "They don't want the truth exposed, and they'll do whatever it takes to keep it hidden."

Shock Findings from Sentinel Legal

Sentinel Legal's investigation into PCP agreements has uncovered startling evidence of widespread mis-selling, with car finance companies consistently hiding commission payments from consumers. In one case involving FirstRand Bank, documents revealed that a staggering 43.66% of the total interest charged on a car finance agreement was funnelled into undisclosed commissions. Despite this damning evidence of exploitation, the bank continues to deny any wrongdoing.

This revelation is consistent with findings from the Financial Conduct Authority (FCA), which estimates that 31.7 million car finance agreements have been issued since 2007, with almost all involving undisclosed commission payments. This lack of transparency has raised serious concerns about the integrity of the industry and the financial burden it has placed on consumers.

"PCP mis-selling is the PPI scandal of our time," commented Sam Ward. "Consumers have been kept in the dark about commission structures that directly inflate their costs. This case has the potential to force the industry to adopt far higher standards of transparency, ultimately benefitting millions of motorists."

Treasury Intervention Raises Eyebrows

The case has drawn interventions from key institutions, including the UK Treasury, the Financial Conduct Authority (FCA), and Labour's Shadow Chancellor Rachel Reeves. While the intervention is framed as a clarification effort, Sentinel believes it is a calculated attempt to protect lenders from accountability.

"The Treasury's intervention raises serious questions about whose interests are truly being protected," adds Ward. "Is it the consumers or the powerful financial institutions? Cases like Johnson expose the lengths lenders will go to in shielding their practices from scrutiny."

Sentinel Legal believes that the recent interventions, which also includes car finance lenders themselves, signals a desperate attempt to protect the industry from accountability and aims to:

- **Shield lenders from responsibility:** With billions of pounds in potential liabilities at stake, lenders are desperately trying to deflect blame and avoid financial repercussions.
- **Conceal damaging evidence:** Documents like those from the FirstRand Bank case expose a dark secret – undisclosed commissions of up to 43% of total interest charges – a practice that continues to burden consumers.

- **Delay justice:** By introducing bureaucratic obstacles and interventions, these parties are attempting to slow down the legal process and discourage consumers from pursuing compensation.

“The industry's pushback highlights the need for change,” adds Ward. “This case isn’t just about a single agreement; it’s about tackling a deeply rooted issue that affects millions of UK consumers.”

Industry in Panic Mode:

Faced with the prospect of billions in liabilities, car finance lenders have mounted an aggressive defence, warning that a ruling against them could destabilise the industry. However, Sentinel Legal insists that the real harm lies in the billions already lost by consumers due to these undisclosed commissions.

“It’s not just about protecting their bottom line; it’s about burying the truth. But consumers deserve better – they deserve transparency, fairness, and justice.” Says Ward

What’s at Stake?

A Supreme Court ruling in favour of consumers could unlock billions in compensation, forcing major changes in the car finance sector. With an estimated 31.7 million agreements affected, millions of consumers could step forward with claims.

Conversely, a decision favouring lenders risks entrenching the opaque practices that have long plagued the industry.

Sentinel Legal Urges Consumers to Act:

Sentinel Legal is urging motorists to carefully review their car finance agreements and seek expert advice to uncover hidden commissions. The firm’s dedicated team of specialists is ready to help consumers identify undisclosed fees and secure the compensation they deserve.

“If you’ve been mis-sold a car finance agreement, now is the time to take action,” says Sam Ward, Director of Sentinel Legal. “This case marks a pivotal moment for the industry. We’re committed to standing with the British public, holding lenders accountable, and ensuring consumers reclaim what’s rightfully theirs.”

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