

Victory for Consumers: Landmark Court of Appeal Ruling in Motor Finance Mis-Selling Case

Friday 25 October, 2024

25 October 2024, Cheltenham, UK – [Sentinel Legal](#), a leading consumer rights law firm and authority on PCP claims, is celebrating the landmark victory for consumers as the Court of Appeal ruled in favour of the claimant in *Johnson v. Firstrand Bank*, a groundbreaking case involving the mis-selling of motor finance under Personal Contract Purchase (PCP) agreements. This ruling, which is also championed by [HD Law](#), not only holds lenders accountable for misleading practices but also establishes a crucial legal precedent that could reshape the motor finance industry moving forward.

Conservative estimates suggest over £21 billion could be returned to consumers, offering crucial financial relief to households across the UK during these challenging economic times. This ruling not only supports individual families but also addresses a major gap in the UK economy, injecting essential financial stability at a critical moment. According to the FCA, 75% of all cars on UK roads are financed, underscoring the widespread impact of this decision

A Watershed Moment for Consumer Rights.

The *Johnson* case, the first of its kind to reach the Court of Appeal, exposed how consumers were misled into unfair PCP deals that were misrepresented at the point of sale. Many believed they were securing competitive and fair finance deals, only to find themselves trapped by excessive interest rates and hidden fees. This landmark ruling forces lenders to take responsibility for these predatory practices and sets a legal precedent that will influence future rulings on motor finance mis-selling cases. It is anticipated that this decision will guide the Financial Conduct Authority (FCA) regulations, leading to stronger oversight of car finance agreements.

"This ruling is a massive win for consumer justice," said Sam Ward, Director at Sentinel Legal. "For too long, lenders have taken advantage of consumers through complex, unfair finance deals. This decision finally puts power back into the hands of consumers, forcing banks to face the consequences of their actions."

Kevin Durkin, Director of HD Law, who brought the case to the Court of Appeal after an initial defeat in the local magistrates' court, emphasised the court's crucial role in exposing unethical practices: *"The Court of Appeal has finally provided much-needed guidance on the common underhand practice of lenders paying secret commissions to car dealers for steering consumers their way or inflating interest rates to boost their own payouts. This kind of underhanded dealing has gone unchecked for far too long, with customers left in the dark while banks and dealerships profited from hidden arrangements."*

The Ripple Effect on the Motor Finance Industry

Durkin continued: *"Rather than being upfront, lenders buried vague references to commissions deep within the fine print of convoluted paperwork, keeping consumers unaware of these behind-the-scenes kickbacks. After learning how profitable the PPI mis-selling scandal was, it seems the banks devised a new scheme to exploit customers—this time by striking secret commission deals with car dealers, reminiscent of shady characters like 'Arthur Daley' and 'Boycie.'"*

This ruling is poised to send shockwaves through the motor finance industry. Similar to the PPI mis-selling scandal, it lays the groundwork for increased accountability, with lenders now facing the prospect of significant financial redress claims. The lesson for the motor finance sector is clear: transparency and consumer protection are no longer optional—they are essential.

The FCA is closely monitoring the impact of the ruling on similar cases, particularly Barclays' judicial review on PCP finance mis-selling, which the High Court heard on October 15th. The outcome may serve as a template for other cases, influencing complaints to the FOS and the FCA's redress scheme. According to FCA lawyer Jemima Stratford, the ruling will inform ongoing reviews of motor finance commission arrangements. This scrutiny will heighten pressure on lenders to compensate consumers misled by unfair finance deals.

Sentinel Legal and HD Law: Championing Consumer Rights

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*"With the industry under increasing scrutiny, Sentinel Legal is ready to support those impacted by predatory PCP agreements," **added Ward**. "This case marks a turning point, offering a clear path for consumers to come forward and seek compensation for unfair finance deals. With £21 billion due to be paid back to consumers, the scale of this decision highlights the significance of holding lenders accountable. Sentinel Legal will continue to stand up for those affected, fighting for the justice and financial redress they deserve."*

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About Sentinel Legal:

Sentinel Legal is dedicated to helping consumers achieve financial redress for motor finance mis-selling, advocating for fairness and accountability in the UK motor finance sector.

For more details, visit - [Sentinel Legal](#)

About HD Law and Kevin Durkin:HD Law specialises in financial mis-selling claims, helping clients secure compensation for products sold without proper advisement, such as mortgages, pensions, and loans. The firm provides comprehensive support, handling claims through appropriate legal channels, including the Financial Ombudsman Service and Financial Services Compensation Scheme. Operating on a no-win, no-fee basis, HD Law is committed to helping clients recover losses and regain financial stability.

For more details, visit [HD Law](#).

Kevin has spent years championing consumer rights, with multiple appearances in the Court of Appeal to his name. His dedication to detail and passion for helping consumers have earned both him and HD Law a highly respected reputation within the consumer redress space.

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