

The complaint

Mr L complains that Lex Autolease Ltd (“Lex”) has unfairly added an end of lease charge in relation to missing services on his van. He says that all the required services were carried out. And Mr L further complains that Lex is unfairly asking for payment in relation to some deferred lease payments – he says that all the contractual payments have been made.

What happened

Mr L has been assisted in making this complaint by his partner. But in this decision, for ease, I will simply refer to all communication as if it has been with, and from, Mr L himself.

Mr L entered into an agreement with Lex for the lease of a van in March 2018. The agreement was originally for a period of two years, however Mr L later extended the agreement twice, by a year each time. The van was returned to Lex in March 2022.

Some aspects of Mr L’s agreement with Lex have already been considered in another complaint. So this decision will only be considering two aspects of Mr L’s relationship that have arisen since the end of his extended lease period. Namely, whether the end of lease charges imposed by Lex were fair. And whether any lease payments remain outstanding.

When Mr L returned the van it was inspected and compared with guidelines produced by the British Vehicle Rental and Leasing Association (“BVRLA”). Lex says that damage found on that inspection gives rise to charges of £904.92. Mr L has told us that he accepts those charges with the exception of £256 that was applied for the van not having a full service history. Lex told Mr L that it would be willing to review that charge if he provided documentation showing each of the relevant services had been completed.

At the start of the Coronavirus pandemic Mr L decided to extend the original two-year lease on his van. As a result his monthly payments fell by around £100. But he also asked Lex to allow him a payment holiday since the lockdown that had been imposed was restricting his earnings. Lex agreed to defer some monthly payments and request payment at the end of Mr L’s lease agreement. Lex now says that the amount outstanding from those deferred payments is £529.33. And it says a final invoice of £317.61 wasn’t paid.

Mr L disputes both the missing service history charge, and the outstanding lease balance. So he brought his complaint to us. Mr L’s complaint has been assessed by one of our investigators. He said that, despite a number of requests, Mr L had failed to provide evidence showing the completion of each service the van had required. And he said that the information Lex had provided showed that some lease payments remained outstanding. So the investigator didn’t think Mr L’s complaint should be upheld.

Mr L didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr L and by Lex. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Mr L complains about a van supplied under a hire agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr L's complaint about Lex.

Mr L's agreement with Lex required him to have the van serviced in line with the manufacturer's guidance. Lex has confirmed that, for the vehicle Mr L leased, that would require him to have undertaken services every two years or 20,000 miles.

When the van was returned to Lex no service records were provided. But the manufacturer's records show services being completed at 17,825 and 40,554 miles. The van was returned with a mileage of 64,855 so an additional service should have been performed. Lex told Mr L that unless he was able to provide evidence of the required service having taken place it would be adding a charge of £256 to his final invoice. Mr L has provided us with evidence of one service appointment taking place (in June 2020 at 40,649 miles) but hasn't provided any evidence of the completion of the final service that would have been required.

So I don't think it is unreasonable, in the absence of evidence that the vehicle has been maintained in accordance with the manufacturer's requirements for Lex to make a charge to Mr L for the loss of value that the van will experience. I think the charge of £256 is reasonable and a fair reflection of that reduction in the value of the van.

Mr L's payment history with Lex is a little complicated. As I have said earlier, when Mr L agreed to extend the lease of the van for an additional year in 2020 his monthly payments reduced by around £100. But that reduction wasn't initially applied correctly by Lex. And the problems were compounded by the fact that Mr L was given a payment holiday around the same time. So Lex needed to reflect both the corrections to the monthly payments it needed to apply, and the payment holiday, onto Mr L's account.

Lex has provided us with details of all the payments Mr L made over the lifetime of his hire agreement. I have looked carefully at those payments, and the charges that Lex should have applied, both at the time, and that deferred to the end of the contract due to the agreed payment holiday.

From that analysis I am satisfied that Mr L hasn't made all the payments that he was contracted to pay. There is an outstanding balance of £529.33 in relation to what happened in 2020, and a final invoice from April 2022 for £317.61. So I think Lex has acted reasonably

in requesting those payments from Mr L and taking steps for their recovery. I do however note that Lex has now decided to default Mr L's account so isn't seeking payment for any outstanding amounts. That may however have some impact on Mr L's credit file.

I appreciate that my decision will be disappointing for Mr L. It is clear, from this complaint and the other that has been dealt with by another ombudsman, that he hasn't been entirely happy with his relationship with Lex in relation to this van. But in respect of the matters I am considering here I am satisfied that the amounts that are being disputed by Mr L, in relation to the van's service history and the outstanding monthly rental payments, were reasonably owed to Lex.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Lex Autolease Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 13 June 2024.

Paul Reilly
Ombudsman