

The complaint

Miss F complains that Lex Autolease Ltd mishandled the termination of a lease for a car which was found to be of unsatisfactory quality.

What happened

In June 2018, Miss F entered into a three-year hire agreement for a new car. The initial payment was £4,000 with monthly rentals of £430 falling due the month following the car's delivery.

Unfortunately, Miss F experienced a number of different faults with the car, the first of which arose only a short time after she'd acquired it. The car required a number of repairs and software updating.

Miss F decided to complain to Lex Autolease in July 2019 and asked for an early termination of the agreement. Lex Autolease contacted the dealership and the repair history for the car was obtained. During this time further issues arose with the car and it was taken back to the garage for repairs.

Lex Autolease says that, after consultation with the dealership, it was agreed that Miss F could terminate the lease early at no cost to herself. It wrote to her in September 2019, informing her of its offer to end the agreement. Lex Autolease says that it didn't hear from Miss F and so assumed she had decided she wanted to retain the car. It closed her complaint.

However, it appears from Miss F's chronology that she didn't receive this letter. She contacted Lex Autolease in October 2019 seeking an update to her complaint and was told her complaint had been closed. Lex Autolease re-opened the complaint as Miss F remained unhappy about the quality of the car. Lex Autolease says there was no further contact with Miss F until November, though Miss F says she emailed them to outline the outstanding issues with the car and chased for updates.

In November 2019 Lex Autolease spoke with Miss F and said that it was agreeing to her request to terminate the agreement. It was arranged for the car to be collected by a third-party company in December 2019. Miss F says she was advised by Lex Autolease not to drive the car from that point as the agreement had been terminated.

Miss F says that there was a delay in the car being collected though Lex Autolease says according to its notes the car was collected within the expected timeframe.

In January 2020 Lex Autolease sent Miss F its final response letter to her complaint. In that response Lex Autolease said it accepted there had been faults with the car that hadn't been repaired successfully and so had agreed to the lease being terminated early. It also acknowledged that there had been delays in responding to some of her emails, that a monthly payment had been wrongly taken from her bank account (although it had been returned the same day) and that the partial refund of the initial payment had been wrongly calculated which was later rectified. It offered Miss F £275 as compensation for the

inconvenience and distress caused and refunded the hire payment for November/December 2019.

Miss F disagreed with Lex Autolease's offer and complained to this service. She said she thought it would be fair for her to be reimbursed the full amount of her initial payment made under the agreement.

Although our investigator agreed that Miss F's complaint should be upheld, she didn't think Lex Autolease needed to do more. She thought the proposed settlement was reasonable and fair.

Miss F disagreed with our investigator's view. She said she hadn't used the car from the date she had been told by Lex Autolease that she could reject it, and this had been at the suggestion of Lex Autolease. Miss F also said that she hadn't been able to use the car as she had wanted as it hadn't been fit for purpose since July 2019. She said she thought it would be fair for her to receive all her monthly payments back from July 2019.

As the parties weren't able to agree the complaint was passed to me.

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.

It isn't disputed that the car hired by Miss F under the agreement wasn't of satisfactory quality. The issue for me to decide is whether the settlement proposed by Lex Autolease is fair in all the circumstances.

Miss F had requested the full repayment of her initial payment made under the agreement. However, this payment isn't the same as a deposit. The initial payment pays the first month's hire charge and then the remainder is spread across the life of the agreement to reduce all the monthly payments. So, I agree with Lex Autolease that the unused portion of the initial payment should be reimbursed to Miss F. I've seen there was an error made by Lex Autolease when it first calculated the amount that should be reimbursed but this was later rectified. I also think Lex Autolease acted fairly by adding interest to this reimbursement at the yearly rate of 8% simple from the date of payment until the date of settlement.

Miss F says that clearly the car was not fit for purpose from July 2019 and that she was unable to use the car as she'd wished. However, looking at the mileages that were recorded in May 2019 when the car was repaired and also when the car was collected in December 2019, I've seen Miss F was able to drive the car for around an additional 6,000 miles. As this equates to what would be the average mileage for a driver, I don't think I can reasonably say she wasn't able to use the car. And I think it's fair Miss F pays for that use so I don't agree that Lex Autolease should reimburse the monthly rentals from July 2019.

I appreciate Miss F has found dealing with the faulty car stressful, and Lex Autolease has acknowledged it didn't always answer her emails as promptly as it should have and made an error in calculating the amount to be reimbursed from the initial payment, so I agree compensation is fair here.

Miss F has provided her own chronology of events which I have looked at closely. It's agreed that Miss F opened her complaint with Lex Autolease in July 2019. I've seen that the dealership did not support the car being returned and so Lex Autolease undertook its own enquiries as to the existing and past faults with the car. Lex Autolease agreed the car could be returned and the agreement terminated at no cost to Miss F in September 2019. I don't

think Lex Autolease took an unreasonable amount of time to reach that decision. However, I don't know why that decision letter, sent by Lex Autolease to Miss F in September 2019, didn't arrive, but I can't fairly say that was the fault of Lex Autolease. So, I don't think its decision at that time to close Miss F's complaint was unreasonable. It re-opened the complaint as soon as it was informed that Miss F was experiencing further difficulties and wanted to return the car

The complaint was re-opened in October 2019 and it was agreed by the end of November 2019 that the agreement would be terminated early. Arrangements were made for the car to be collected in December 2019. I appreciate Miss F didn't use the car from November 2019, but I've seen that the monthly payment for November/December was reimbursed. So, Miss F didn't pay for the period she still had the car but wasn't using it.

Miss F says there was delay and complications over the car being collected. However, she hasn't provided any details. Lex Autolease says the car was collected as arranged. If Miss F wishes to pursue a complaint about the collection arrangements, then she will need to provide the details of what went wrong to Lex Autolease so that it can investigate that further.

So, while I appreciate my decision will be of disappointment to Miss F, I'm not going to ask Lex Autolease to do more. I think the compensation offered is reasonable when taking into account the impact dealing with the faulty car had on Miss F, together with the level of service she received from Lex Autolease. I'm partially upholding Miss F's complaint.

Putting things right

For the reasons given above I'm partially upholding Miss F's complaint and I'm asking Lex Autolease Ltd to pay Miss F £275 compensation if it has not already done so.

My final decision

As set out above I'm partially upholding Miss F's complaint and I'm asking Lex Autolease to pay Miss F £275 compensation for the distress and inconvenience of dealing with the faulty car and for its handling of the early termination of the agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 05 February 2021. .

Jocelyn Griffith

Ombudsman