

The complaint

Mr S complains about excess mileage charges in relation to a car hired to him under a hire agreement with Raedex Consortium Limited trading as Wheels4Sure ("W4S").

What happened

In January 2018 Mr S was supplied with a car and entered into a hire agreement with W4S.

He raised a complaint in February 2020 in relation to excess mileage charges. He said his contract stated that his annual mileage limit was 15,000 but the invoice he'd received was calculated based on a mileage allowance of 8000. He also said his contract stated that W4S should contact him at the end of each hire year to agree excess mileage charges, but this didn't happen, and he'd been left with a large bill. Mr S was also unhappy because his contract states that he's responsible for road tax, but he's been charged for this by W4S.

In response, W4S said that the hire agreement stated an annual mileage allowance of 8000 miles. It acknowledged that the terms and conditions referred to 15,000 miles and said this was an error. In relation to road fund licence, W4S said the registration documents were in its name so it instructed DVLA to issue a tax disc and passed these costs on to Mr S.

Mr S wasn't happy with the response and complained to this service.

Our investigator didn't uphold the complaint. He said that although the terms and conditions said the annual mileage allowance was 15,000, it was clear this was an error because the other document stated that it was 8000 miles. The investigator agreed that W4S should've notified Mr S of any excess mileage charges at the end of each hire year but said Mr S should have been aware that he had exceeded the annual mileage in the first year because his mileage at the service in November 2018 was 13,221, which exceeded the limit of 8000. The investigator said W4S had acted fairly by agreeing a payment plan with Mr S in January 2020 so he could spread out the excess mileage charges. In relation to road tax, the investigator said the agreement made it clear that Mr S would have to pay this annually.

Mr S didn't agree. He said when he was told about the excess mileage charges, he asked W4S to confirm what his allowance was so he could make a decision whether to keep the car or end the agreement. He says W4S told him the allowance was 15,000 and it was on the basis of that information that he kept the car. He said if he'd been told the mileage allowance was lower, he would've handed the car back.

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.

I've looked at the agreement, the customer declaration and the pre contract information. All of these documents say that the annual mileage allowance is 8000. I can see that the terms and conditions say 15,000 miles, but I'm satisfied that this is an error.

I can see that Mr S had covered 13,221 miles by the time the car was serviced in November 2018. Following the service, W4S emailed Mr S and explained that he could increase his mileage limit to 16,000 per annum. In March 2019 Mr S agreed an amendment to his agreement and increased the annual mileage to 16,000 miles.

I agree that the terms and conditions say that Mr S should be notified of excess mileage charges at the end of each hire year. I appreciate that hasn't notified in January 2019 (the end of the first year). However, I think Mr S ought reasonably to have known that he would've incurred excess mileage charges in the first year because he was over mileage when the car was serviced in November 2018.

Mr S's complaint is that by not charging him excess mileage at the end of the first hire year, W4S caused him to have a large bill in 2020. This is correct. However, I can see that W4S agreed a payment plan with Mr S so he could pay the excess mileage charges for the last two hire years over a period of time. I think this was a fair and reasonable way to help reduce the impact of the large bill.

Mr S has said that when he asked W4S what his mileage allowance was in April 2020, it told him it was 15,000. He says he kept the car based on this information. I don't think W4S has made a error her. Mr S agreed to increase the mileage allowance in March 2019. I can't see that it was ever reduced back to 8000. So, Mr S's complaint about this is based on a misunderstanding of the mileage allowance.

In relation to road tax, the terms and conditions of the agreement say that Mr S is responsible for this and that he has to pay for it annually. So, I don't think W4S has made an error in charging Mr S for this. I can see that W4S agreed a payment plan for the road tax to help Mr S spread the cost of what would otherwise have been a one-off payment. I think W4S acted fairly here.

Taking all the available information into account, I can't say W4S has done anything wrong I relation to excess mileage charges or road tax charges. So I won't be asking it to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 March 2021.

Emma Davy
Ombudsman