

The complaint

Mrs L has complained about the way Lex Autolease Ltd trading as Jaguar Contract Hire (Lex) administered a hire agreement.

What happened

Mrs L entered into a 49 month hire agreement with Lex to acquire a car in March 2018. The agreement had an initial rental of £2,933.06 followed by 48 monthly rentals of £488.84. In March 2020 Mrs L opted to terminate the agreement early and hand the car back because she'd acquired a new car. She received an early termination quote of £5,267.57 and returned the car. She said the dealer told her Lex would be in touch with a final invoice.

Following on from this, Mrs L says Lex took a rental from her in April 2020 so she cancelled the direct debit as she was waiting for the final invoice to be sent. Lex, however, continued to invoice Mrs L for use of the car, and sent her letters saying she was in arrears. I can see Mrs L contacted Lex in May to query what was happening and to let it know she wanted to pay the final invoice. Mrs L was concerned the rentals were being recorded as missed and it started to impact her credit file. She was also given conflicting information about what was owed. Mrs L said she'd contacted Lex numerous times to try to resolve things.

In October 2020, Mrs L brought her complaint to the Financial Ombudsman Service. She was unhappy the 'arrears' were impacting her credit score and tells us she was finding the situation very distressing. To resolve the complaint Mrs L requested Lex agree the final payment with her, amend her credit score and pay compensation for the distress and inconvenience caused.

Lex sent its final response in November 2020. It said it acknowledged Mrs L had acquired another car in March 2020. It said it received an email from the dealer on 3 April 2020 to advise an early termination quote was required, which it said was produced on the 6 April. It said this was signed and returned and accepted by it on the 30 April. Lex said that due to Covid-19 it was unable to arrange for the car to be collected until 23 September 2020. And because of this delay it continued to invoice Mrs L which it apologised for. It said it would raise a credit for the invoices that were raised incorrectly, and it would amend Mrs L's credit file.

Mrs L complained she'd not received the final response and that her credit file was still being impacted. It looks like Lex sent the final response letter to an incorrect email address. Mrs L says she'd lost out because she'd not been able to move a loan to her mortgage on better terms; carry out a balance transfer; and that the 'arrears' had prevented her from being able to move home. So she'd also lost out on being able to benefit from the temporary reduction in the Stamp Duty threshold. Mrs L said it wasn't until July 2021 that her credit file returned back to normal. But she was unhappy Lex continued to write to her about the debt while her complaint remained unresolved.

Mrs L has also complained about Lex's calculation for what is owed under excess mileage. But this is being dealt with under a separate complaint.

Lex acknowledged there had been an internal process failure that resulted in a delayed collection of the car. It also acknowledged it should have added a 'pending de-hire' date which would have stopped the agreement going into arrears. Lex also gave some clarification on what was owed. It said the early termination quote generated on 6 April 2020 was for £5,048.08 as there were 23 rentals still due. But the actual cost it invoiced Mrs L for in September 2020 was £3,731.18 as at that point there were 17 rentals due. It decided not to amend the invoice, even though the car was handed back earlier – meaning Mrs L had to pay £1,316.90 less than she would've done, had things gone to plan. Lex also agreed to offer £250 compensation on top of that.

Our investigator looked into things and thought Lex's offer was fair. She also didn't think Mrs L had provided enough evidence to demonstrate she'd lost out on moving home or transferring her loan to a mortgage solely as a result of something Lex had done wrong.

Mrs L didn't agree. She said she was told by her banking manager that she wouldn't have been approved a loan or mortgage with adverse information on her credit file. But she wasn't able to evidence the reason she'd been declined. She reiterated she was still receiving conflicting information. Mrs L ultimately requested Lex waive the outstanding amount due and pay her compensation.

As things couldn't be resolved, the case has been passed to me to make a decision.

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.

Mrs L is complaining about how Lex has administered a regulated consumer hire agreement. And our service is able to consider complaints relating to these sorts of agreements.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mrs L and Lex that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

It's not in dispute here that things could have gone better. Even taking into account the impact Covid-19 had on firms, Lex has acknowledged it should have collected the car sooner and placed the agreement into dispute. It also sent Mrs L conflicting information about what was owed. And I think it should have removed all of the adverse data from Mrs L's credit file sooner. I don't need to go over all of that again here.

Mrs L didn't complain the initial amount due on the final invoice was wrong or unfair. So I'm also not going to go over that in this decision. And as I've pointed out, her complaint about the mileage charges is being dealt with separately. What I need to decide is whether Lex needs to do more to put things right in relation to the losses Mrs L says she's incurred, and the compensation offered.

Losses Mrs L says she's incurred

Mrs L has complained about losses she says she's incurred. She says she's lost out on thousands of pounds. Firstly, by not being able to move a loan to her mortgage sooner, on better terms; not being able to carry out a balance transfer; and also by not being able to move to a new house and benefit from the temporary reduction in the Stamp Duty threshold.

I don't doubt having adverse information on her credit file would have likely impacted Mrs L – particularly if she was thinking of making applications for credit. But I don't think it would be fair to direct Lex to reimburse Mrs L's losses without sufficient evidence. I'd first need to see that Mrs L incurred or will incur those losses. I'd need to see those losses were incurred directly as a result of something Lex has done wrong. I'd want to see the losses were foreseeable. And that Mrs L had done what she could to mitigate those losses.

Like our investigator pointed out, I simply don't have enough evidence to direct Lex to reimburse Mrs L for the losses she says she's incurred. I can't see Lex were promptly put on notice the adverse data might have a specific impact in relation to a loan application, balance transfer or house move. Mrs L has not provided evidence she couldn't transfer her loan or carry out a balance transfer sooner because of the adverse data recorded by Lex. And she's not shown us that, had it not been for the adverse data, she would have moved and benefitted from the reduction in Stamp Duty.

I appreciate Mrs L's strength of feeling here. But I don't think there's strong enough evidence to persuade me that Mrs L has lost out as a result of Lex's actions. So I'm not going to direct it to reimburse Mrs L for consequential losses.

Compensation

I don't doubt this has been a very frustrating and inconvenient experience for Mrs L. She's had to contact Lex various times to try to resolve things. Mrs L has said she phoned Lex dozens of times. Lex's contact notes don't show that amount of calls. But I appreciate Mrs L has said she struggled to get through to it. Lex was aware as early as May 2020 there was an issue. And it ultimately took a long time for her credit file to be completely rectified. The final response was sent to the wrong email address, and Mrs L has had lots of conflicting information sent to her about what she owes.

I don't think £250 is enough to recognise the inconvenience caused, given how long the problems went on for. But I have to bear in mind that Lex has agreed to reduce Mrs L's liability by over £1,300. Mrs L was expecting to pay around £5,000 for the early termination fee. But as I explained in the background Lex reduced the fee to around £3,700. So this means Lex is effectively compensating Mrs L by over £1,500 – which is a significant sum. Having considered everything, I don't find there are grounds for me to direct Lex to do more. So I'm not going to direct it to write off what is owed. I agree with our investigator that Lex has done enough to put things right.

Putting things right

In order to resolve the complaint Lex should pay Mrs L £250 or reduce her outstanding balance by this amount. Lex should also remove all adverse information with the credit reference agencies from April 2020 once Mrs L has paid £3,731.18. For the avoidance of doubt, her complaint about the excess mileage charges is being dealt with separately. So I won't comment on that further here.

My final decision

My final decision is that I uphold this complaint and, to the extent it's not done so already, direct Lex Autolease Ltd trading as Jaguar Contract Hire to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 26 May 2022.

Simon Wingfield
Ombudsman