

The complaint

Mr W complains about the amount he's been charged by Lex Autolease Ltd, trading as Volvo Car Leasing, at the end of his car hire agreement and about the poor service he's received.

What happened

Mr W signed a 48-month car hire agreement in August 2017. In March 2021 he chose to end the agreement early. His main complaint points are:

- He agrees with the damage listed in the inspection report. But he doesn't think the amount he's been charged is fair because it doesn't equate to an actual loss suffered by Lex Autolease.
- He told Lex Autolease he disputed the charge and told it not to use the direct debit arrangement to obtain the amount it said he owed. Lex Autolease debited his joint account and tried to cover up its error by starting a new email chain.
- During the dispute, he received poor service.

Lex Autolease reviewed the damage charges and concluded some of the damage couldn't be properly evidenced. It agreed to reduce the charges by £432, having already waived £100, and it sent Mr W a cheque for £25 for failing to respond to one of his letters.

Our investigator concluded that there wasn't enough evidence to fairly charge for damage to the front bumper and that the charge of £125 should be removed. And that Lex Autolease should pay Mr W an additional £25 for not clearly explaining how much he owed on termination.

Lex Autolease agreed.

Mr W didn't agree so the complaint was passed to me.

My provisional decision

I explained my role was to resolve individual complaints and that Mr W's wider concerns about Lex Autolease's practices were more a matter for the regulator.

I provisionally decided that Lex Autolease should:

1. Write off the amount of £370.02 that it says Mr W owes it following termination of the agreement.
2. Reduce the amount of damage charges by £125, leaving Mr W with £494 to pay.
3. Refund Mr W for the cost of rental from 1 April 2021 to 10 April 2021 inclusive, plus interest at 8% simple per year from the date the rental was paid to the date it is refunded.

4. Pay Mr W £175 for the distress and inconvenience caused.

I explained the reasons why I'd come to that decision. I said:

Damage charges

The agreed terms and conditions of the hire agreement say:

"The vehicle must be returned in good order, repair and condition (fair wear and tear excepted)." (9(b))

"If the Vehicle when returned is not in good order, repair and condition for its age and mileage assessed in accordance with guidelines issued by the British Vehicle Rental and Leasing Association.....you must also pay us the actual or if we choose, the estimated cost of the work required to put the Vehicle in such condition. We shall not be required to carry out repairs to the Vehicle prior to its disposal by us." (9(d))

Mr W complains on a point of principle – that he should only be charged for any actual loss made by Lex Autolease. He agrees there is damage to the car but thinks everything could be fixed for around £200. But he also thinks the fact that he'd bought two new tyres (which he didn't realise were covered under the terms of the agreement), should be taken into account.

BVRLA guidance allows Lex Autolease to charge for repairs, even if they are not carried out. There's no requirement on Lex Autolease to only seek compensation for its actual loss. Rather, the aim is to fairly compensate Lex Autolease for the cost of repairing the car, or for the lower sale value it's likely to receive because of the damage. I don't find Lex Autolease has treated Mr W unfairly or unreasonably by assessing the damage using an independent third party and in applying its damage rate matrix.

Mr W says BVRLA guidance requires the method of repair to be included in the invoice. I find that, whilst the method of repair wasn't included in the invoice, it was included in the vehicle condition report, which also listed the costs of repair. So I think Mr W was reasonably given the information required by BVRLA.

The total charges for damage amounted to £1,151. A waiver of £100 was deducted from the total. Following his complaint, Lex Autolease agreed to deduct charges of £432. This left £619 payable (not £719 as stated in its final response letter).

Our investigator recommended that the charge for repair of the front bumper was removed because the damage didn't seem to have exceeded BVRLA's fair wear and tear guidelines. Lex Autolease agreed to deduct £125 from its invoice, leaving £494 payable. I find this sum is fairly owed by Mr W.

I appreciate Mr W paid for two new tyres, but I don't find there's any obligation on Lex Autolease to refund him for the cost.

The direct debit

Mr W says that whilst a direct debit arrangement was in place, he told Lex Autolease not to use it to claim the damage charges whilst he was disputing them. I find Mr W had made it very clear in several emails that he didn't authorise Lex Autolease to

collect the money it said he owed through the direct debit arrangement. And, whilst it felt the disputes process had been exhausted, it was clear Mr W was considering what further action he could take. I don't find Lex Autolease should have collected the money through the direct debit arrangement. Mr W was able to reclaim this through his bank under its direct debit guarantee scheme. I find Lex Autolease should compensate Mr W for the inconvenience it caused him and for the upset it caused in proceeding to claim the money through the direct debit arrangement when Mr W had clearly told it not to. I consider £75 to be fair and reasonable.

The amount due on termination

Lex Autolease told us it wasn't able to find any correspondence about the termination of the agreement. So I don't think it's clear how much it told Mr W he would owe when he terminated the agreement early.

Lex Autolease told us that the car was collected on 31 March 2021. So I don't think it's fair that Mr W pays for rental after that date. I can see rental of £370.02 for the period from 11 March to 10 April 2021 was collected by direct debit. I think Lex Autolease should provide a pro-rata refund, plus interest, for the period from 1 April to 10 April to reflect that Mr W didn't have use of the car after 31 March 2021.

Mr W told us that he understood the final payment due on termination to be £246.68 and that is what he's paid. But Lex Autolease says Mr W still owes £370.02. I fully understand its explanation about the incorrect invoice for rental for the period 11 April to 10 May and the fact that this was wrongly credited against the termination amount due. But it hasn't provided evidence to show that it told Mr W that he would need to pay £616.70 to terminate the agreement. Mr W says he was told the final payment was £246.68. I also find that, following his complaint, Lex Autolease failed to make it clear to Mr W why he still owed £370.02. For failing to clearly evidence what Mr W owed and for failing to clearly explain to him what he needed to pay and why, I think it's fair it writes off the amount of £370.02 that it says Mr W owes.

Customer service

Lex Autolease sent a cheque to Mr W for £25 as compensation for failing to respond to his letter dated 28 May 2021. Mr W did not cash this cheque. Lex Autolease may need to reissue a cheque if the original has now expired or been destroyed.

Our investigator recommended Lex Autolease should pay an additional £25 for the trouble and upset it caused in not clearly explaining how much Mr W needed to pay on termination of the agreement. Lex Autolease has agreed to this payment.

But I can also see that Mr W should have received better service when he disputed the damage charges and when he complained. For example, Lex Autolease phoned him on two occasions to discuss his complaint whilst acknowledging his request for all communication to be in writing. I think £100 compensation more fairly reflects the distress and inconvenience that Lex Autolease's service has caused.

Mr W is concerned that Lex Autolease tried to cover up its mistake in claiming the damage charges by direct debit by starting a new email chain which, he says, was to make it look like he hadn't responded within Lex Autolease's timescale. I appreciate his strength of feeling on this matter, but there isn't enough evidence for me to conclude that Lex Autolease deliberately took action to hide anything from Mr W.

Debt collection letters

Mr W has expressed concern about the content and tone of Lex Autolease's debt collection letters. But, as noted earlier, my role is to decide if Lex Autolease did anything wrong in the individual circumstances here. My role doesn't extend to commenting on its correspondence more generally.

Mr W agreed with my provisional decision and said he would pay the amount he still owed.

Lex Autolease agreed points 2 to 4 of my decision. But it didn't agree to write off the amount of £370.02 that it says Mr W owes it following termination of the agreement. It said its invoice sent to Mr W on 7 April 2021 clearly outlined the cost to terminate the agreement and that this would also have been set out in the termination quote, which it can't access because the member of staff who dealt with the termination has left. It said the full cost to terminate the agreement was made clear.

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.

Lex Autolease has accepted the majority of my provisional decision. In view of its comments about the amount due on termination of the agreement, I've reconsidered all the information about this. But I don't find a reason to depart from my earlier conclusion. Let me explain why.

Lex Autolease has provided its invoice dated 7 April 2021 for £616.70 described as "Cost incurred to terminate the above contract". But, by the time he received this invoice, Mr W had already returned the termination paperwork and the car had been collected. I've not seen evidence to show what information he was given before he decided to terminate the agreement. So I'm not persuaded Lex Autolease made it clear to him how much he would have to pay to terminate the agreement.

Mr W told us he understood the sum of £246.68 would be due on termination and this is what he paid. In the circumstances I don't think it's fair that he should be required to pay any more and that Lex Autolease should write off the sum of £370.02 that it says Mr W still owes.

My final decision

For the reasons I've explained, my final decision is that Lex Autolease Ltd, trading as Volvo Car Leasing, should:

1. Write off the amount of £370.02 that it says Mr W owes it following termination of the agreement.
2. Reduce the amount of damage charges by £125, leaving Mr W with £494 to pay.
3. Refund Mr W for the cost of rental from 1 April 2021 to 10 April 2021 inclusive, plus interest at 8% simple per year from the date the rental was paid to the date it is refunded.*
4. Pay Mr W £175 for the distress and inconvenience caused. For the avoidance of doubt, this includes the £25 Lex Autolease has already offered and paid to Mr W by way of a cheque.

* HM Revenue & Customs requires Lex Autolease Ltd to take off tax from this interest. Lex Autolease must give Mr W a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 June 2022.

Elizabeth Dawes
Ombudsman