

The complaint

Mr M is unhappy with the payment schedule for an extension to a hire agreement provided by LeasePlan UK Limited.

What happened

In March 2018 Mr M took a hire agreement with LeasePlan to acquire a car. Around February 2022 Mr M signed an agreement to extend the hire period by a further twelve months.

Mr M says he was expecting the payments for the extension to be taken from April 2022. But, a payment wasn't taken from his account when he thought it was due and he queried this with LeasePlan.

LeasePlan got in touch with Mr M and explained that while his original agreement was paid in advance, the extension was due to be paid in arrears. So, it explained the first payment for the extension would be taken in May 2022.

Mr M remained unhappy and complained. He then made our service aware of the situation. He said, in summary, that what had happened was a breach of contract. He said this situation meant he would have to make two payments in one month when he leased a further car at the end of the agreement. And he said the situation had caused him significant distress.

In September 2022 LeasePlan issued a final response to Mr M's complaint. In summary, this said the contract for the extension explained the payment for April 2022 would be taken a month after. LeasePlan said it could understand the confusion caused. It also apologised for the delay in responding to Mr M. LeasePlan said as a gesture of goodwill it would credit Mr M's account with one month's rental - £187.26 – in light of stress and inconvenience caused.

Mr M remained unhappy. He said, in summary, that the extension agreement explained the first payment would be taken in April 2022. He said LeasePlan had been vindictive and manipulative. He reiterated how stressful he found the situation and said LeasePlan should compensate him for the time spent on the complaint.

Our investigator issued an opinion. She said, in summary, that as LeasePlan had agreed to credit Mr M's account with a month's payment he was now better off than previously. She said there was no guarantee Mr M would end up making a 'double payment' at the end of the agreement. And she said she thought LeasePlan's offer was fair.

Mr M remained unhappy. He said LeasePlan had agreed compensation for the delays in responding, not for the issue around payment dates. He said this amount hadn't been credited to his account. And he said he would definitely be paying for a new lease in April 2023.

Our investigator explained this didn't change her opinion. But, she did ask LeasePlan if it

would be willing to credit Mr M's bank account with the £187.26 rather than crediting his account linked to the agreement. LeasePlan agreed to do this.

As Mr M remained unhappy, the case has been passed to me to decide.

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.

Having done so, I think the offer LeasePlan has made to put things right is fair and reasonable. I'll explain why.

Mr M complains about a hire agreement. Entering into regulated agreements such as this is a regulated activity, so I'm satisfied I can consider Mr M's complaint about LeasePlan.

Firstly, I want to reassure Mr M that I've carefully considered everything he's said about this complaint and all of the points he's raised. Where I haven't commented on a specific point, this isn't because I think it unimportant. This just reflects the informal nature of our service and the fact I'm going to focus on what I think are the key facts here and the crux of Mr M's complaint.

I've considered the contract extension that Mr M signed in February 2022. In relation to payment dates, under a heading "*Timing of Rental Payments*" this says:

"One of £187.26 (inc VAT) payable on the 27/04/22, followed by 11 rentals each of £187.26 (inc VAT) the first payable 1 month after the 27/04/22 with subsequent Rentals payable on the corresponding day of each subsequent month"

Thinking about this, I can see why Mr M was expecting the first payment to be taken in April 2022 – as this is what the agreement appears to state.

LeasePlan have explained payments due under an extension are paid in arrears, so the first payment was actually due in May 2022. Considering this, I'm satisfied here that LeasePlan has done something wrong by giving Mr M the impression a payment would be taken in April 2022.

I know Mr M feels very strongly that this issue is a breach of contract and significant compensation is due. He's gone into some detail about this and I've carefully considered everything he's said. But, I need to consider what actually went wrong here. Mr M agreed to extend the term of the agreement by twelve months, which was set up. He agreed to make twelve payments of £187.26, which was also set up. He's kept the car, presumably using it as was his intention. And LeasePlan told him the correct date the payment would be taken before it was due.

So, it's important to point out that what I'm considering here is what would be reasonable to put things right, specifically for the fact LeasePlan gave Mr M the impression a payment would be taken on one date, when it was actually due a month later.

Mr M explained the situation would make managing his finances more difficult as he would have to make a 'double payment' in April 2023 if he decided to lease another car. I appreciate his point here, but I don't think this means he is financially worse off. I say this as, because of how the payment dates worked out, it appears Mr M didn't make a payment in April 2022 – to either the original agreement nor the extension. So, he could use these funds to cover the final payment due. But, I do recognise there would be some inconvenience caused by this.

I'm also satisfied Mr M would've been caused some distress and inconvenience when he realised his payment hadn't been taken as he expected. And I appreciate LeasePlan have taken some time to respond to him at points, but it did explain the situation to him in May 2022 shortly after he queried what was happening.

LeasePlan has offered to pay Mr M £187.26 to put things right. Mr M feels LeasePlan only offered this amount in relation to delays in responding to his complaint. I'm not sure I agree here, but I do think the final response is perhaps a little unclear about exactly what LeasePlan was offering this for.

That being said, I don't need to make a finding on what I think LeasePlan's intention was with this offer. I say this as, whatever LeasePlan's intention was here, I think the amount of £187.26 is fair and reasonable to reflect what happened under all of the circumstances of this complaint.

My final decision

LeasePlan UK Limited has offered to pay Mr M £187.26 to reflect the distress and inconvenience caused.

My final decision is that this offer is fair and reasonable under the circumstances of this complaint.

So I instruct LeasePlan UK Limited, if it hasn't already done so, to pay Mr M £187.26.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 February 2023.

John Bower
Ombudsman