

## **The complaint**

Mr W complains that Lex Autolease Ltd didn't advise him that the car he had acquired via a personal contract for hire plan had a list price over £40,000 and so attracted a higher Vehicle Excise Duty.

## **What happened**

In September 2021, Mr W contacted a broker about arranging a personal contract for hire plan for a particular vehicle. He was provided with a quote which set out the P11D cost of the car as being just over £39,000. Mr W says that he had selected this model because it was under the £40,000 limit so not to attract the higher costs of the vehicle excise duty. He entered into the contract for hire with Lex Autolease.

The broker placed the car on a 'price protection' so that when it was delivered the hire costs would be guaranteed to be the same as those set out in the agreed hire agreement. The car was delivered in May 2022 with road fund tax paid for one year.

Mr W says in April 2023 he was upset to receive from Lex Autolease notification that the amount of £498 was to be debited from his account to pay for the car's road tax. When he queried the amount, he was told the car's list price at the time of registration was over the £40,000 threshold.

Mr W complained to the broker who explained that the list price also included items such as the delivery charge and pre-delivery inspection charge. They said that with the added charges the cost of the vehicle had breached the £40,000 threshold.

Mr W was unhappy as he said he hadn't been told about the extra charges and their impact on the list price of the car. He complained to Lex Autolease.

Lex Autolease didn't uphold his complaint. It said that the vehicle had been on a price guarantee at the time of ordering to ensure Mr W wasn't impacted by any purchase cost increases. But as the DVLA and government had declared the value of the vehicle to be over £40,000 at the time of its delivery it was subject to the legislation for the vehicle excise duty increase. Lex Autolease said that this increase was noted within the signed lease agreement contract and so it was unable to support Mr W with this cost as it was outside of Lex Autolease's control.

Mr W was unhappy at Lex Autolease's response. He made a complaint to this service. Our investigator didn't recommend that his complaint should be upheld. She said that she wasn't persuaded on the evidence she'd seen that Mr W had been given any guarantee about the cost of the car being under the £40,000 threshold or as to the cost of the vehicle excise duty that would apply. Our investigator also said that looking at the transcripts of the calls between Mr W and the broker, Mr W hadn't said the vehicle being below the £40,000 threshold was an important factor for him. She said she didn't think the cost of the vehicle excise licence could have been known at the time Mr W entered into the lease agreement since it was the list price at the point of delivery which was used to set the excise duty amount. She said that the manufacturer had increased its vehicles' prices in April 2023 and

so the car had cost more at the point of its registration.

Mr W disagreed with our investigator. He said that the broker hadn't informed him of additional charges that would be added to the car's list price at the time he'd entered into the lease hire. He said he'd believed the cost of the car was under the £40,000 threshold.

As the parties were unable to agree the complaint has been 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.

Here the complaint is against Lex Autolease because as the finance company, it owns the vehicle and the charge for the vehicle excise licence that is being disputed was raised by the personal hire contract. However, the broker has helpfully provided information in respect of this complaint.

Lex Autolease may also be held responsible under section 56 of the Consumer Credit Act 1974 for things said by the broker in any antecedent negotiations.

It isn't disputed that under the personal hire agreement Mr W is responsible for paying the extra vehicle excise duty applied to this car. Mr W's complaint is that he was never advised that the list price for the car would exceed the £40,000 threshold and he would therefore face this additional cost.

The manufacturer's list price for the car is provided to DVLA when the car is first registered and is the price before any discounts are applied. The list price also includes VAT and delivery charges if applicable.

Looking at the notes of the calls made by Mr W to the broker before the hire agreement was entered into, I can't see that Mr W raised it was an important feature for him that the car was under the £40,000 threshold. There is no discussion at all about the vehicle excise duty that would apply. So, I can't reasonably say that the broker misled or misrepresented the value of the car to Mr S in its discussions about the car and the cost of the personal hire plan.

I've seen that the Mr W was given an amount of just over £39,000 as the P11D value in the paperwork. However, when he rang the broker for an explanation after receiving the invoice for the additional excise licence charges from Lex Autolease, they advised him that the list price for the purposes of the vehicle excise licence also included the delivery charges and other fees that may be applicable. Mr W says the cost of the car wasn't made clear and transparent to him.

But I've seen that the car was ordered by Mr W in September 2021 and not delivered until May 2022. And that in April 2022, the manufacturer had increased its prices for its vehicles. However, since Mr W had been given a price protection for the vehicle, any increase as to the actual cost of the car was not passed on to him and the rentals under the agreement were unchanged. But any such deduction wouldn't affect the list price of the car at its point of registration since discounts on prices aren't included in the list prices used by the DVLA. I think it's more likely than not that it was this increase which tipped the cost of the car over the £40,000 threshold. I also think that this price change would have been unknown at the time of the agreement by Lex Autolease.

As Lex Autolease was unaware of the importance of the £40,000 threshold to Mr W I also can't say it acted unfairly by not advising him of the list price at the point of registration. The

rental costs as set out in the agreement were unchanged. I also don't think it would have been likely that had Mr W become aware of the change in the list price at that time that he would have sought to cancel the agreement.

I appreciate that the broker had advised Mr W of other charges that can be added to the list price when he queried the vehicle excise duty invoice with them. But when doing so, the broker wasn't referring to the actual list price of this car. They had never received a copy of the list price invoice so wouldn't have known what had been added. The information given in that call appears to have been provided more by way of general information rather than specific to this car's costs. Looking at the paperwork provided, I have seen there was a delivery charge of around £500 that may have been added to the list price, but in September, that wouldn't have led the car to be over the £40,000 threshold, so even if Mr W had been aware of that amount being added to the list price, I don't think he'd have changed his mind about entering into the contract.

So, for the reasons given above, I'm not upholding Mr W's complaint as I don't think Lex Autolease has acted unfairly. It was unaware of the importance of the car's list price to Mr W, it had made no guarantees about the vehicle excise duty that would be applied to the car and had applied the agreement entered into in September 2021 to the car that was delivered in May 2022.

### **My final decision**

For the reasons given I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 February 2024.

Jocelyn Griffith  
**Ombudsman**