

The complaint

Mr B complains about the service he received from Mitsubishi HC Capital UK Plc (“Mitsubishi”) when it provided him with an incorrect early termination fee on his hire agreement.

What happened

Mr B entered into a hire agreement with Mitsubishi in July 2020. He says in May 2023, he contacted it about ending the agreement early as he had ordered a new car and wanted to confirm a delivery date and align this with the end of his hire agreement with Mitsubishi. Mr B told us:

- He was coming to the end of his hire agreement, and he called Mitsubishi to find out how much he’d need to pay if he terminated the agreement early;
- he’d already ordered his new car with another business, but needed to confirm a date for delivery, and wanted to align the delivery of his new car and the inception of its finance agreement with the collection of his current car and the ending of his current finance agreement with Mitsubishi;
- he telephoned Mitsubishi and its representative told him he only needed to pay £24.18 to end the agreement, so he confirmed that’s what he wanted to do;
- a short while later, Mitsubishi sent him two invoices totalling £689.42 to end the hire agreement;
- he complained to Mitsubishi, and it told him its representative had made a mistake, and the invoices were the correct amount due if he wanted to end the agreement;

Mr B says if he’d been given the correct information in the first place he would’ve delayed the delivery of his new car, so that he wasn’t paying for both cars simultaneously whilst only having use of one car. He says he’s finding the whole situation to be quite stressful, and he wants Mitsubishi to honour the original early termination quote.

Mitsubishi upheld this complaint and acknowledged its representative had made a mistake when they gave Mr B information about the early termination of this agreement, and it apologised for what had happened. It told us that it had sent Mr B a hamper by way of apology “*in light of the disappointment this situation has caused*”. But it also said that Mr B needed to pay the outstanding balance to settle his account.

Our investigator looked at this complaint and said she didn’t think that Mitsubishi had acted fairly in trying to resolve this complaint. She said she thought that if Mr B had been given the correct information about the amount to settle the agreement, it’s *possible* he would’ve taken a different course of action. And although she acknowledged that Mitsubishi had sent Mr B a hamper, she didn’t think this was enough in the circumstances.

Our investigator asked Mitsubishi to pay Mr B £200 compensation and agree an affordable repayment plan with him for the outstanding balance. And she asked it to ensure that Mr B’s credit file was not adversely affected by this

Mitsubishi accepted our investigators recommendations, and it said it would apply the £200 compensation to Mr B's outstanding balance and reduce the amount owed to £489.42.

Mr B didn't agree. He said he shouldn't have had to pay for two cars at the same time, and that Mitsubishi should honour the original quotation because he hadn't budgeted for the additional amount.

Our investigator looked again at the evidence and considered what Mr B had said. She concluded that Mitsubishi should increase the amount it pays Mr B; she said it should pay him £344.71 – half of the outstanding balance. And it should pay him this amount directly. It would then be for Mr B to decide whether or not he wanted to use this sum towards repaying the outstanding balance. She said any balance remaining should be repaid with an affordable repayment plan to be agreed between Mr B and Mitsubishi.

Mr B disagreed so the complaint comes 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 taken everything into consideration, I've reached the same conclusion as our investigator, and I'll explain why.

I've had the benefit of being able to listen to the call recording between Mr B and Mitsubishi. There's no doubt in my mind that the information he was given during this telephone call informed his decision about ending the agreement and taking delivery of his new car. I say this because, as soon as Mitsubishi's representative tells him the amount to end the agreement, Mr B confirms this is what he wants to do, before asking how he arranges for the car to be collected. And the representative then transfers the call to the third party to arrange the uplift of the car. So, I can understand Mr B's disappointment with what's happened – he was given incorrect information about the amount he'd need to pay to end his finance agreement.

There's no question in my mind that Mitsubishi did something wrong here, so it's appropriate that it does something to put things right. But I don't think it needs to write-off the outstanding balance in full, as Mr B suggests.

I say this because although he was given incorrect information, ending the agreement and returning the car was something he was always going to do; after all, he'd already ordered his new car. And the amount he needed to pay was set out in the credit agreement he'd taken out three years earlier. But I don't think Mr B should be penalised for Mitsubishi's error.

I think the way our investigator has suggested settling this complaint is fair and reasonable under the circumstances. It recognises the fact that Mitsubishi provided Mr B with incorrect information, reducing the overall amount Mr B needs to pay by 50%. And it takes account of the financial hardship Mr B has mentioned – he'll pay the outstanding balance, the amount he's contractually obliged to pay, on an affordable repayment plan agreed by Mr B and Mitsubishi. Taking everything in account, I'm satisfied that this is the fair way to settle this dispute.

Putting things right

On the basis that the amount outstanding under this credit agreement is £689.42, I require Mitsubishi HC Capital UK Plc to:

- pay Mr B £344.71 – that's 50% of the amount outstanding at the point the agreement was terminated. This amount should be paid directly to Mr B. It's for Mr B to decide whether to use this amount to reduce the balance on the account.
- agree an affordable repayment plan for the outstanding balance with Mr B.
- ensure the setting up of a repayment plan has no adverse effect on Mr B's credit file.

My final decision

My final decision is that I uphold this complaint and require Mitsubishi HC Capital UK Plc to settle this complaint as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 August 2024.

Andrew Macnamara
Ombudsman