

The complaint

Mr M complains that Mitsubishi HC Capital UK Plc, trading as Novuna Vehicle Solutions, ended his hire agreement and left him without a car.

What happened

In August 2019 Mr M hired a car under a regulated hire agreement with Novuna. The minimum hire period was three years, but when that ended, the agreement provided that he could continue to hire the car for “no more than 12 months”, which he did.

In July 2023 the car broke down, and in August Novuna decided that the car would not be economical to repair, and so it cancelled the hire agreement. Mr M complains that that decision left him without a car, and that Novuna gave no consideration to the impact this would have on him. As a result, he had to cancel some work engagements; he says this cost him £1,800 in lost business. He complains that Novuna continued to charge him his monthly rental payments while the car was in the garage, and that Novuna’s communication with him during this period was poor. Meanwhile he hired another vehicle because he was going on holiday.

Novuna later refunded those rental payments, and also refunded another £125 (representing the rent he would normally have been liable to pay for the nine days prior to the breakdown). It also waived £184 of excess mileage charges. Mr M complains that this was not enough compensation. In support of that argument, he says that he never owed any excess mileage charges in the first place, so waiving them was not genuine compensation.

Our investigator did not uphold this complaint. He said that the decision to write off the car was a commercial decision which Novuna had been entitled to make. He said Novuna had told Mr M its decision within a reasonable time. He thought its offer to refund £125 was fair, since Mr M had had the use of the car during those nine days. He declined to consider the excess mileage charge, because Mr M had not raised that issue with Novuna, and so Novuna were still entitled to investigate that before Mr M could raise that with our service. But he thought that overall, Novuna’s offer was fair.

Mr M did not accept that decision. He said he had thought that Novuna would provide him with a courtesy car if the hire car was not repaired quickly. He asked for an ombudsman’s 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.

Having done so, I do not uphold it. I will explain why.

The car broke down on 10 July. On 24 July, Novuna sent Mr M an email which said:

“I have spoken to the bookings team and they are contacting the garage to make them aware your car is arriving today. They are requesting for it to be looked at sooner and the garage will contact you once the work is complete.

They have cancelled the courtesy vehicle that was made with the original booking. Hopefully you won't need it if the car is repaired sooner but if you still require this please let us know.”

Mr M says (and I accept) that at the time, he read this email as a promise that a courtesy car would be provided to him if the car was not repaired quickly after all. However, I think that interpretation would be reading too much into this email; it doesn't quite go as far as saying that. The words “if you still require this please let us know” would seem to preclude that meaning. The most that can be said is that a courtesy car would have been provided if Mr M had pro-actively asked for one (even though there is nothing in the terms and conditions of the hire agreement to say that Novuna was obliged to provide one). Mr M later hired a car instead (expecting Novuna to reimburse this cost). So I don't think that Novuna was responsible for any business that he may have lost as a result of not having a car after the hire car broke down.

I will elaborate on that a little. Firstly, Novuna is not responsible for the car breaking down in the first place (it has not been suggested that the car was not of satisfactory quality at the start of the hire term). Secondly, once the car broke down, Novuna was not obliged to provide a courtesy car, and its offer to provide one if requested was not taken up (I appreciate that that was only due to an honest misunderstanding, but I don't think that is Novuna's fault, because I don't think its email was ambiguous). Thirdly, by the end of July Novuna knew that Mr M had hired a car (because he had asked it to reimburse him for this cost; this is recorded in its internal notes), so I don't think that Novuna could have foreseen that Mr M would be unable to drive to work when it told him in August that it was ending the hire agreement.

As the owner of the car, Novuna was entitled to decide whether the car was economical to repair or not. Its internal notes say that it told Mr M its decision on 3 August; Mr M says it was on 11 August. Either way, I don't think Novuna should have charged him a monthly fee in August, but the August payment were refunded in early September (along with the July one too).

It is not in dispute that Novuna's communication with Mr M was poor. It refunded £125 to him as compensation for that issue. I think that is fair, as it is in line with what our service would typically award if no refund had been made. Taking into account that refund, and also the refund of the July fee (which Novuna was not obliged to refund), I think that Novuna has paid enough compensation, and so I do not need to consider the excess mileage charges as well.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 July 2024.

Richard Wood
Ombudsman