

The complaint

Mrs C complains about a motor hire agreement she had with Ald Automotive Limited trading as Kia Contract Hire (KCH). Mrs C is unhappy that after obtaining an initial early termination quote from KCH the quote increased substantially by the time the agreement actually ended.

What happened

In June 2021 Mrs C hired a car through KCH and in return for use of the car, Mrs C was required to make 48 monthly payments of £378.80. There were a number of other conditions attached to the contract but I don't consider most of them key to making a decision here so will not refer to them in more detail.

However, clause 8 refers to Your Rights – Early Termination and sets out that Mrs C has no right under law to terminate the agreement before the end of the fixed period of hire, but Mrs C can request early termination during the fixed term period and KCH will not unreasonably withhold its consent. The term then goes on to set out how any early termination sum will be calculated, should it be requested.

Mrs C requested an early termination quote in September 2023 as I understand she and Mr C were looking to exit the agreement with KCH as they were getting a new car. An early termination quote was issued but as there was a three month wait for the replacement vehicle, the agreement was not however terminated until mid-January 2024. Mrs C obtained a revised quote in December 2023 before getting the final early termination sum in January 2024.

Mrs C is unhappy as the initial quote in September 2023 had increased substantially, over £2,300, by time the December 2023 quote had been issued. Mrs C complained to KCH about the increase and in summary, it responded to say the early termination quotes were correct but they had been impacted by a change in the market value of the vehicle.

Unhappy with KCH's response to the complaint, Mrs C referred her complaint to our service for review. One of our investigators considered all that the parties had provided but ultimately did not uphold the complaint. In summary, they set out what they considered the contractual and legal position to be around whether or not KCH could charge an early termination fee and if that charge had been calculated fairly and reasonably.

The investigator found there was no legal or statutory requirement for KCH to allow Mrs C to terminate the agreement early, but the contract did allow for this. The investigator found that although there was arguably a lack of clarity in the contract terms around termination and how the early termination quotes had been calculated, for different reasons to what KCH had set out, ultimately the settlement amount quoted was not unfair or unreasonable in the circumstances. The investigator found that KCH had not ultimately benefited from the amount charged on early termination.

Mrs C responded to the investigator's outcome and highlighted the contract terms or statutory rights here were not in question and it was the fact that the early settlement quotes had changed so much between the initial quote and ultimately what was required to settle

the agreement that she was unhappy about.

As the complaint could not be resolved informally at the investigator's stage, the case has been passed to me to consider as the final stage of our process.

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.

I'm very aware that I've summarised this complaint above in far less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

The investigator has set out in some length the various statutory and contractual considerations in this complaint and Mrs C has confirmed those rights and terms were not actually in question. As there appears to be no dispute about these, I won't refer again to them in detail here, other than to say I have reached broadly the same conclusions as the investigator on KCH's statutory and contractual ability to apply a charge for early termination and whether the amount charged is a reasonable sum.

Mrs C has referred to the main area of concern relating to the fact the amount quoted in the original early termination quote in September 2023 was significantly less than the subsequent December 2023 and January 2024 figures. And ultimately therefore it has cost more than initially expected to exit the agreement.

KCH has provided our service with details of how the early settlement calculations are performed, the factors that impact the calculation and ultimately the final amount due. Part of the calculation uses a third-party vehicle valuation site to obtain the estimated value of the vehicle at the time of the quotation. KCH has also provided copies of its calculations and the 'stand in value of the vehicle', which is how much the vehicle was valued at by the third-party valuation site. This does show the value of the vehicle changed by over £2,300 which has then impacted significantly the amount due on the early settlement figure.

Having considered what KCH has provided I have not seen anything to indicate any of the three calculations have been calculated incorrectly or therefore that Mrs C was incorrectly informed about the amount due at each specific time if the agreement had ended at that point. I appreciate and understand the reasons why Mrs C was unable to end the agreement at the time of the initial settlement quote, as the new replacement vehicle was not ready at that time. I have also considered what Mrs C has said and provided about the used car market at the time and the valuation she was offered by a different well known used car buyer.

But this does not persuade me what KCH quoted as the settlement figure, either in September, December or January was incorrect. The used car market can fluctuate at different times, can be impacted by a variety of different factors which will then impact the

value of used cars generally or certain models more specifically. Different businesses or valuation sites will also have differences in their valuations, which can also explain why the valuations Mrs C obtained were different to KCH's.

I appreciate there was a substantial change in the vehicle valuation KCH used and the end result of this increased what Mrs C was ultimately required to pay to settle the agreement, but without anything to persuade me the figures quoted were actually incorrect, I am unable to instruct KCH to alter the amount due.

I fully appreciate my decision will come as further disappointment to Mrs C but having very carefully considered the circumstances of this complaint, I do not consider there is sufficient evidence to conclude Mrs C was incorrectly informed about the early settlement figure required to settle the agreement, or that Mrs C was charged an unfair or unreasonable sum to settle the agreement. It is ultimately for the reasons set out here that I do not consider the complaint should be upheld.

My final decision

My final decision is that I do not uphold Mrs C's complaint against Ald Automotive Limited trading as Kia Contract Hire.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 6 June 2025.

Mark Hollands
Ombudsman