

The complaint

Mr E complains about an incorrect quote he believes he received from RCI Financial Services Limited ("RCI") when he enquired about purchasing a battery from them.

What happened

In June 2018, Mr E acquired a battery which was to be installed in a car, when he took out a hire agreement with RCI. The minimum term of the agreement was 36 months and Mr E was to pay regular monthly rentals of £79. The insured value of the battery recorded on the agreement was £6,160. The agreement also said that the insured value would reduce by 10% each calendar year on a pro-rata monthly basis.

Mr E continued with the agreement with RCI on a rolling basis after the minimum term of 36 months ended. In February 2023, Mr E enquired about the purchase price of the battery. Mr E was given a quote of £3,250.

In July 2023, Mr E enquired about the purchase price of the battery again and was told the same figure of £3,250. Mr E didn't agree with the quote and believed it contradicted previous information he was given and how things were set out in the agreement. Mr E believed his regular monthly rentals for the battery would steadily and consistently reduce the price of it. Mr E believed the purchase price of the battery should have been £2,463 at the time.

RCI responded to Mr E and explained the insured value of the battery does reduce by 10% each year, but this was not calculated by 10% of the full price (as Mr E had calculated), but by 10% per year on the current price of the battery. RCI also said that the battery purchase price is not the same as the insured value. RCI went on to provide a breakdown of their calculations of the insured value of the battery over the years and explained the quote for the battery purchase price was around £387 cheaper than the insured value.

Mr E didn't agree with what RCI said and believed the insured value should reduce by 10% each year of the full original insured value.

Mr E enquired again in December 2023 about the purchase price of the battery and said he was given a quote of £3,036. Mr E also believed RCI was submitting false information to credit reference agencies as he believed an incorrect balance was showing.

RCI gave Mr E their final response in January 2024. They again gave Mr E a breakdown of how they made their calculations of the insured value over the years the agreement progressed. They also explained that the battery purchase price was quite often lower than the insured value, and so, they believed the price they had quoted Mr E was correct. They explained the battery purchase price calculation is not something they had access to, but they informed Mr E it does consider the age of the battery and type of battery. RCI also said that the battery purchase price is like the insured value, with a small discount to reflect a customer making the purchase. RCI went on to explain that they believed they were reporting correct information to credit reference agencies as they said they submit a full year to the credit profile at a time.

Unhappy with RCI's response, Mr E referred his complaint to our service. Mr E believed it was unhelpful that RCI couldn't give a clear explanation as to how they calculate the purchase price of the battery. Mr E said he believed the battery purchase price should match his calculations of the insured value of the battery each year and not as RCI calculated it. Mr E also believed the way RCI calculated the insured value adversely impacted RCI's reporting to his credit file.

Our investigator didn't uphold this complaint. In summary he said that as the agreement was still active, he didn't think there had been any incorrect reporting to Mr E's credit file. The investigator also believed RCI correctly communicated how the insured value of the battery reduced each year and he believed the quote Mr E was given in December 2023 was reasonable compared to the insured value. The investigator also explained that the battery is hired from RCI, and although they provided Mr E a quote as an option to purchase the battery, they weren't obliged to.

Mr E disagreed with the investigator's findings. Among other things, Mr E believed the agreement was clear in saying that the insured value would decrease by 10% each year of the original insured value. Mr E also said that the agreement was silent in relation to the battery purchase price.

As Mr E disagreed with the investigator's findings, the complaint was 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'm not upholding this complaint and I'll explain why below.

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 point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Mr E complains about a quote he was given in relation to a battery he acquired when he took out a hire agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr E's complaint about RCI.

Mr E believes the insured value of the battery should reduce by 10% each year of the original insured value. Mr E believes the agreement is clear in saying that the insured value would decrease by 10% each year of the original insured value. On the other hand, RCI has explained that the insured value reduces by 10% per year on the current car's price. In any event, I don't think I need to make a finding on this matter. I say this because Mr E's complaint is in relation to requesting a battery purchase price from RCI and that he believes he was given an inaccurate quote. RCI has explained that the battery purchase price is not the same as the insured value. And I agree with RCI's comments here. The insured value of a battery and how that is calculated over the years an agreement progresses is not the same as how the battery purchase price is calculated. They are two separate calculations with two different values, which RCI demonstrated in their response to Mr E in July 2023.

As Mr E enquired about the battery purchase price, it isn't clear why he strongly feels RCI gave him an incorrect calculation in relation to the insured value of the battery five years into the rolling agreement, as it isn't relevant in determining the battery purchase price. RCI

explained that the battery purchase price will differ and is dependent on market value, age of the battery and type of battery.

Mr E also said that the agreement was silent in relation to the battery purchase price. It's worth highlighting that the agreement Mr E took out with RCI was a hire agreement. So, there is no option for Mr E to purchase the battery under the terms of the agreement – nor is there any obligation on RCI to sell the battery to Mr E. This explains why the agreement is silent in relation to the battery purchase price or how the price is calculated over the years. So, while I appreciate Mr E's comments that he thinks it was unhelpful RCI couldn't give a clear explanation as to how they calculated the purchase price of the battery, I don't think they did anything wrong in not sharing to Mr E how they calculate it in the first place.

Mr E also believes the way RCI calculated the insured value adversely impacted RCI's reporting to his credit file. But I can't say that I agree with Mr E here. I can't see any correlation between the calculation of the insured value of the rolling agreement and what is recorded on Mr E's credit file. RCI has explained that they submit a full year at a time to the credit profile, as the extension is extended at 12 monthly intervals. From what I have seen, I can't see RCI has reported incorrectly to Mr E's credit file.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 6 January 2025.

Ronesh Amin
Ombudsman