

## **The complaint**

Mr P complains about Citygate Automotive Ltd trading as Citygate SKODA Slough ("Citygate Skoda's") involvement in setting up a hire agreement for a car.

## **What happened**

In June 2023 Mr P ordered a brand-new car from Citygate Skoda. The car was going to be supplied to him under a hire agreement provided by a lender I'll call V.

Citygate Skoda provided Mr P with monthly rental figures it had obtained from a quotation provided by V. Mr P was happy with these, so he placed an order for the car and paid a deposit of £1,000 to Citygate Skoda.

There was a wait time for the car to be supplied of around eight months.

A few days before Mr P was due to collect the car he was sent the hire agreement to sign by V. He noticed that the monthly rental had increased from £366.66 per month to £433.10. He queried this with Citygate Skoda and explained that he couldn't afford the new payment so wouldn't be able to take the car.

Mr P asked V to honour the original quotation, but it said it couldn't do this. Both Citygate Skoda and V suggested the other was to blame but explained the error had happened when the original quotation was provided as it wasn't correct.

Mr P eventually complained to Citygate Skoda about its part in the situation. Citygate Skoda said it was not within its power to resolve the situation as it was not the party leasing the car to Mr P and could not set the terms of that agreement.

Dissatisfied, Mr P brought his complaint to this service.

Our investigator thought Mr P's complaint should be upheld in part. He said he couldn't ask Citygate Skoda to honour the quotation as it wasn't leasing the car to Mr P. However, he did think that Citygate Skoda had failed to explain the change in price to Mr P when it became aware of this in July 2023. He thought Citygate Skoda should therefore return Mr P's deposit of £1,000, pay him the cost of changing his insurance policy and pay him compensation of £500 for distress and inconvenience.

Citygate Skoda accepted the Investigator's assessment.

Mr P did not accept it and asked an ombudsman to review his complaint. He said his losses as a result of the mistake were more than what the investigator had asked Citygate Skoda to pay him. He said this was partly because he'd been paying ULEZ charges as a result of having to use his old car since February 2024 when the new car was supposed to be collected. He said he also incurred costs as a result of the abandoned sale of his old car which he now had to keep.

Mr P said he felt that Citygate Skoda was pressuring him to take on the car as it said it would release it for sale if he didn't come to an agreement within two weeks.

Mr P said he wanted compensation of £3,000 or alternatively £1,000 and the terms of the quotation honoured.

The complaint has therefore 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.

Citygate Skoda was carrying out the regulated activity of credit broking when it effected the introduction of Mr P to V with a view to entering into a regulated consumer hire agreement. So, I am able to consider complaints about events relating to this activity or events which are ancillary to it.

#### *What was the problem?*

From reading the email communications between the two parties, V said that when Citygate Skoda generated a rental quote for Mr P in June 2023, there was certain information relating to the price of the vehicle that didn't match up on its internal systems. This meant the monthly rental that was generated as part of the quote was lower than it should have been.

#### *Did Citygate Skoda make a mistake?*

Again, looking at the emails between the two parties, V said that Citygate Skoda should have made sure that two pieces of information on its internal systems relating to the price of the vehicle matched up before generating the quote for Mr P. V also said that it told Citygate Skoda in July 2023 that the monthly rentals on Mr P's prospective agreement would be higher than the quote. Citygate Skoda said it didn't realise this meant V was not going to honour the quote that had been provided to Mr P in June 2023 and V should have made this clearer in its communication.

Mr P was dealing with Citygate Skoda at the point it provided him with a rental quotation from V. So, he would reasonably have expected it to give him the right information or at the very least to have told him promptly when it became apparent the quote was wrong – irrespective of what may have been going on behind the scenes between it and V.

This didn't happen, so it appears Citygate Skoda did make an error.

#### *What was the impact on Mr P?*

It's clear the error has impacted upon Mr P. He said he suffered considerable disappointment at the point he learned the car was no longer going to be affordable for him as he'd been looking forward to receiving it for so many months. And he said it was frustrating that Citygate Skoda and V were passing his concerns between them without taking any responsibility for what went wrong.

Mr P said it cost him £167.47 when he had to change his insurance policy back to his old car having already changed it in anticipation of collecting the new car.

Mr P said he will now get less money when it comes to selling his old car again because it's older and has more miles on the clock. It's likely the difference of eight months and some extra mileage will have a minimal affect on the value of the car. But in any event, this is not a loss Mr P can yet demonstrate he's suffered as he hasn't sold the car. So, I don't think the error has impacted on Mr P in the way he said it did in this respect.

Mr P also said he's had to pay ULEZ charges since February 2024 that he would not have had to pay if he'd been driving the new car since then. I do understand why Mr P might attribute the additional ULEZ charges he's been paying to Citygate Skoda. However, I don't think it would be fair to ask Citygate Skoda to pay all of these costs on the basis of an error it provided on a quotation. Mr P might also reasonably have done something to mitigate these losses by now. That said, I do understand that it would have been frustrating for Mr P to have been placed in the position where he effectively had to start over again in search of a new 'ULEZ compliant' car when he'd expected to not pay these charges any longer.

Mr P has asked that I consider the fact Citygate Skoda told him to come to an agreement to take on the vehicle within two weeks or it would release it for sale. He said he felt pressured by this which caused him stress. Since then however I note that Citygate Skoda has said it will wait for the outcome of this complaint before doing anything further with the car. So, while I do understand why Mr P was concerned that he didn't have long to make a decision, it appears the car is still available should Mr P wish to come to an agreement for it. I'd remind Mr P also that I can only consider a complaint about matters which relate to the regulated activity of credit broking. This particular complaint point begins to stray into the retail activities of Citygate Skoda which are not regulated and not within my power to consider.

#### *Fair compensation*

I've considered what fair compensation looks like in this case given the impact I've identified above.

Citygate Skoda has agreed to return the deposit Mr P paid to it of £1,000. This is fair in the circumstances as Mr P paid that deposit in anticipation of taking a car he now says he cannot take because of Citygate Skoda's error.

Citygate Skoda has also agreed to pay Mr P the cost of having to restore his insurance policy back to his old vehicle after changing it to include cover for the new one. I think that's fair too given Mr P was just days away from picking up the vehicle before discovering the new rental price and it was reasonable for him to have already taken out insurance at this point. Had Mr P known the quote had changed in July 2023, it seems very unlikely he would have arranged insurance and therefore wouldn't have incurred this cost.

I note Mr P has provided information from his insurer showing the cost of his 'policy adjustment' as £167.47. However, I can't tell from this information if this was the cost to insure the new vehicle or the cost of changing the policy back to the old car. Should Citygate Skoda require any further clarification from Mr P in the form of information from his insurer about the cost of changing the policy back to his original car before paying this to him, this is reasonable.

The compensation of £500 that the investigator recommended (and which Citygate Skoda has agreed to pay Mr P) is in line with what this service might generally award where the impact of a mistake has caused considerable distress, upset or worry and/or significant inconvenience that needs a lot of extra effort to sort out. I think this amount of compensation seems suitable in the circumstances having taken account of everything Mr P has said about the impact the error had on him. I don't think it would be reasonable to award the sum of compensation Mr P has asked for as I don't think the error warrants such a sum.

I also don't find it would be reasonable to ask Citygate Skoda to pay for the difference in cost between the monthly rental in the quote and the monthly rental in the hire agreement that was provided by V in February 2024. Although Citygate Skoda made an error by not telling Mr P the quote had changed, V explained that it was never going to offer a hire agreement

with the lower monthly rental. So, this can't be something Mr P lost out on as a result of Citygate Skoda's actions because it was never on the table.

### **My final decision**

For the reasons I've explained I uphold Mr P's complaint. To put things right Citygate Automotive Ltd trading as Citygate SKODA Slough must:

- Return Mr P's deposit of £1,000.
- Pay Mr P the cost of changing his insurance policy back to his old car.
- Pay Mr P £500 for distress and inconvenience.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement\*.

\*If Citygate Automotive Ltd trading as Citygate SKODA Slough considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Michael Ball  
**Ombudsman**