

The complaint

Miss J is unhappy that a car supplied to her under a hire agreement, arranged by Select Contracts UK Limited ('Select'), had a higher vehicle excise duty - otherwise known as car road tax or road fund licence ('RFL') - than she was originally quoted.

What happened

Miss J approached Select about acquiring a car under a regulated hire agreement. The make and model of car she initially enquired about couldn't be provided within the timescale she needed, so Miss J opted for a different make and model of car. This order was processed, the funding agreed by the finance company, and the car was delivered to Miss J.

The car Miss J originally wanted, but was unavailable within her timescale, had a taxable list price below £40,000. However, the car she eventually opted for, and received, had a taxable list price in excess of £40,000. This meant that the RPL attracted the Additional Rate (Expensive Car Supplement), commonly referred to as the Luxury Car Tax.

Miss J complained to Select about this, saying that it was only them providing the car in a specific colour option as a gesture of goodwill that caused the car to move into the higher RFL bracket. And she wanted them to waive the Luxury Car Tax.

Select said the finance company initially made an error when calculating the taxable list price, and had therefore included the RFL within the rentals Miss J had been quoted, but they recalculated this and re-invoiced Miss J. They also said that the agreement Miss J signed with the finance company confirmed that she would be charged any applicable additional levy imposed, such as the Luxury Car Tax. Finally, they said that the invoices for the Luxury Car Tax had been issued by the finance company, not themselves. So, they didn't uphold her complaint.

Unhappy with Select's response, Miss J brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said there was no evidence to show that Select were providing any specific colour option, or anything else, as a gesture of goodwill; and the phone conversation Miss J had with them on 2 March 2022 (when she placed the order for the car) confirmed that Miss J had chosen the colour after a discussion about the options.

During this call there were no conversations about the value of the car, or the RFL. However, as Miss J signed an order form on 22 March 2022, the investigator said that Miss J had been in possession of the facts needed to make an informed decision. The investigator also thought that Miss J ought reasonably to have checked what RFL she would be paying (including any Luxury Vehicle Tax element) as part of choosing the car she wanted to order.

Finally, the investigator said that the initial invoicing error was made by the finance company, not Select, and they didn't think Select could be held responsible for this. So, they didn't think Select needed to do anything to resolve this complaint.

Miss J didn't agree with the investigator's opinion. She said *"I know I got given the colour as a good will gesture [and] not once did they advise me of the RFL ... I know the call was made."* As Miss J didn't agree, this matter has been 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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Miss J was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

I've listened to the call that took place on 2 March 2022, when Miss J ordered the car. She was asked what colour car she wanted and Select explained the paint options available to her. This was followed by a discussion about the colours available and (after checking the colours on the internet) Miss J said she wanted silver with a black roof – the two tone paint option. No costs were discussed at this time.

I've also seen a duplicate of the quote produced by Select at the time. This quote included the two tone paint that Miss J says was provided as a goodwill gesture, and the taxable list price is stated as £39,925.01. In their final complaint response letter dated 10 May 2024, Select have confirmed that the taxable values of cars *"are provided by the relevant supply manufacturing group, and they are also issued to the finance company, of whom confirm the appropriate Road fund Taxes to be included in the pricing of the rentals."* Select also confirmed that *"we are unable to influence the invoiced amounts with your contractual agreement with [the finance company]."*

Finally, Select have confirmed that the silver paint option on the car supplied to Miss J has no cost difference to the basic paint options they originally discussed, but the black roof, which gave the car the two tone look Miss J ordered, was an additional £150. However, I've seen that these costs were all included in the quote which, as I've said above, was below £40,000. As such, I'm not satisfied that it was the addition of the two tone paint option that took the taxable list price of the car over £40,000.

Although Miss J ordered the car on 2 March 2022, it wasn't delivered until November 2022 due to the worldwide semiconductor shortage affecting all new cars at that time – something I can't hold Select responsible for. The delivery notification Miss J received at the time also confirmed the price of the car to be £39,940. As Miss J discussed and chose the paint options at the point of order, I'm satisfied the two tone option wasn't offered as a gesture of goodwill, either due to the delay in the car being supplied, or for any other reason.

In their response to this complaint, Select have said that the finance company made an error when invoicing Miss J, and the taxable list price of the car was actually over £40,000. While I haven't seen anything to show me that was the case, I also haven't seen anything to show me that the taxable list price of the car was increased to more than £40,000 as a result of anything Select did or didn't do. And, although I have nothing to show me this was the case,

I suspect it's more likely than not that the taxable list price of the car increased in the period between when Miss J ordered the car and when it was delivered to her more than six months later. And it was this increase that took the taxable list price (which is different to the cash price Miss J paid) over the £40,000 threshold.

Regardless whether this was the reason or not, as I'm satisfied that Select haven't made any error here, and as I'm only considering the actions of Select and not any other third party, for example the finance company; I don't think Select need to do anything more.

My final decision

For the reasons explained, I don't uphold Miss J's complaint about Select Contracts UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 22 April 2025.

Andrew Burford
Ombudsman