

The complaint

Miss P complains about termination charges when she ended her agreement with Leasing Options Limited.

What happened

In August 2024 Miss P ordered a car through Leasing Options and signed an order confirmation. The car was delivered on 28 August 2024. On driving the car, Miss P found that the car didn't suit her, so she contacted Leasing Options and requested to cancel the agreement.

Leasing Options arranged for the car to be collected but charged Miss P cancellation charges of £1300 because she had cancelled outside of the 14-day cooling off period.

Miss P paid the charges but was unhappy about them and complained to Leasing Options.

Leasing Options didn't uphold the complaint. It said the cancellation charges had been charged in accordance with the terms and conditions of the agreement. As a gesture of goodwill Leasing Options offered Miss P a refund of £300, which it later increased to £400.

Miss P remained unhappy and brought her complaint to this service.

Our investigator thought Leasing Options offer was fair. She said that the charges had been applied in line with the terms and conditions and that Miss P had been made aware of Leasing Options right to charge a cancellation fee during the call on 12 August 2024.

Miss P didn't agree. She said the terms and conditions referred to a cancellation fee of 3% of the value of the vehicle but didn't state the value of the car. She felt that the charges were unclear and said she'd never received a breakdown of the charges.

Because Miss P didn't agree I've been asked to review the complaint.

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 know that it will disappoint Miss P, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a particular point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the terms and conditions of the agreement. These state that a 3% cancellation charge applies in the event that the agreement is cancelled outside of the 14-day cooling off period which starts from the point of order.

I've also reviewed the call dated 12 August 2024. During the call, the agent advised Miss P as follows:

"So before you proceed to approve it, please be aware that we reserve the right to charge a cancellation fee of up to 3% of the value of the vehicle if you decide to cancel the order after you've placed it with us."

Based on what I've seen, the terms and conditions make it clear that a cancellation charge would apply. I'm also satisfied that the cancellation charge was clearly explained to Miss P during the call on 12 August 2024.

Miss P has said that the terms and conditions and the wrap up call were unclear, because the value of the car isn't stated. The terms and conditions relate to the leasing agreement so I wouldn't expect to see the value of the car stated in these. The value of the car would've been stated on the hire agreement. This should've been provided to Miss P by the finance provider.

Miss P has also said that the breakdown of the cancellation charges has never been explained to her. She says she's never received an invoice for the charges.

This service asked Leasing Options to comment on this. It said it sent Miss P an email on 18 September 2024 which included a breakdown of the charges and explaining that in addition to the cancellation fee of 3%, additional charges applied in relation to the collection and delivery back to the dealership of the vehicle.

Leasing Options have also provided call recordings of phone calls with Miss P dated 16 September 2024 and 1 October 2024. During the calls the breakdown of charges is discussed, and the additional charges explained.

Based on what I've seen, I'm satisfied that the breakdown of charges has been adequately explained to Miss P. If Miss P requires an invoice for the charges, she can request this directly from Leasing Options.

Taking everything into consideration – and whilst I appreciate that Miss P wasn't expecting to pay the cancellation charges – I'm satisfied that Leasing Options hasn't made an error here or treated Miss P unfairly. The charges have been applied in line with the terms and conditions. In the circumstances, I think the offer to refund £400 to Miss P is fair and reasonable. I won't be asking Leasing Options to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 14 February 2025.

Emma Davy
Ombudsman