

The complaint

Mr D is unhappy with the amended monthly rental price quoted for the car supplied to him under a hire agreement with Mitsubishi HC Capital UK Plc, trading as Novuna Vehicle Solutions, ("MHC").

What happened

In July 2023, Mr D entered into a hire agreement with MHC for the supply of a car. The agreement was for 36 months, with a monthly rental payment of £399.95 and permitted annual mileage of 20,000 miles.

In October 2023, Mr D no longer needed the annual mileage to be as high, so he asked MHC to provide a quote for the monthly rental based on 6,500 miles per year. MHC said amendments to the agreement were not permitted in the first six months, which Mr D accepted.

After six months passed Mr D contacted MHC again, in January 2024, repeating his request for a quote based on 6,500 miles per year. MHC sent the quote to Mr D which confirmed that with his amended mileage, there would be a saving of £6 per month and the new monthly rental payment would be £393.95.

Mr D didn't think the rental saving reflected the annual reduction of 13,500 miles, so he asked MHC for a price breakdown. MHC responded to say that it didn't have a price breakdown, but the mileage was just one factor in the quoted price. It said the quote was based on the latest market data, including the weakened economy, increased interest rates, and increased labour and parts costs. But Mr D was unhappy with MHC's response, so he raised a complaint.

MHC sent its final response to Mr D repeating its previous explanation and confirming that it wouldn't provide the price breakdown Mr D wanted because it contained commercially sensitive information. MHC did identify some service failings, however, for which it offered Mr D £75 compensation.

Mr D remained unhappy, so he brought his complaint to us.

Our investigator said there was no provision within the hire agreement for reducing the mileage allowance, so the contract didn't set out how any amendment would be calculated. He thought MHC's explanation about the other factors affecting pricing, and that the calculation was commercially sensitive, was reasonable in the circumstances. As the agreement didn't provide for reducing the annual mileage, our investigator didn't think MHC had treated Mr D unfairly. In consideration of the compensation MHC offered Mr D, our investigator didn't identify any service failings. However, in light of MHC's comment that it could've responded to Mr D's queries in a more timely manner, our investigator thought its offer of £75 was fair and reasonable. Our investigator didn't think MHC needed to do anything more.

Mr D didn't agree with our investigator because he didn't think his concerns had been addressed fully. He clarified the two key points of his complaint as:

- MHC's failure to provide a cost breakdown prevented him from understanding the basis for the significant difference in fees, and
- the reduction in his annual mileage allowance was substantial yet the corresponding decrease in monthly rental payments was only £6.

Leading on from this, Mr D said the agreement doesn't prohibit a request such as the one he made, and he wanted evidence of where in the agreement it said cost breakdown information is commercially sensitive. Mr D said the agreement lacked transparency because of this and, therefore, he didn't think MHC had treated him fairly.

I issued a provisional decision in December 2024 explaining that I was intending to not uphold Mr D's complaint. Here's what I said:

provisional findings

Having done so, I've provisionally decided not to uphold Mr D's complaint, but for different reasons to those set out by our investigator. I'll explain why so that both Mr D and MHC have the opportunity to see what I intend to say in my final decision.

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 what I consider was good industry practice at the time. Mr D was supplied with a car under a hire agreement. The Consumer Rights Act 2015 covers agreements such as the one Mr D entered into. As this is a regulated consumer credit agreement, we are able to investigate complaints about it.

Mr D hasn't disputed his original hire agreement. His complaint is about the quote he received for an amendment to that agreement, which he doesn't think reflects the significant change in mileage. Because of that, he wanted a detailed price breakdown which MHC would not provide. Mr D thinks that's unfair.

To clarify, Mr D asked about amending the mileage permitted under his hire agreement. Mr D said the agreement doesn't prohibit such a request and, having read the contract, I agree. But nor is it set out as a contractual right. I note that MHC didn't refuse to make changes, which it confirmed was a gesture of goodwill. It provided details of a modifying agreement for Mr D to sign if he decided to accept the terms. Mr D was not obliged to accept the amended agreement.

The modifying agreement must show what has changed and what hasn't. I'm satisfied that it shows the new mileage, new monthly rental price, effective date, and confirms that all other parts of the original agreement remain the same. Under the heading of 2.1 Payments on page 7 of the original hire agreement, it describes the pricing structure as follows:

2.2 Rental payable under this Agreement has been calculated on the assumption that there will be no change in: the estimated purchase price of the Vehicle quoted by the manufacturer or supplier... import duty, tax law or practice, the rates of taxation or

capital allowances or any other change which adversely affects our... investment in the Vehicle.

Therefore, it's clear that the rental is based on there being no change over a number of influencing factors without going into detail about any commercially sensitive information. While the agreement doesn't give specific details of how the price was calculated, I think it gives sufficient information in the circumstances without disclosing commercially sensitive information.

In its response to Mr D's request for clarification of the quoted rental, MHC provided similar, general information as that provided for the original agreement. It considered the latest market data, that residual values had weakened, interest rates had gone up, and inflation had affected labour and parts costs. I don't think this explanation is unreasonable and I don't think MHC needed to provide anything more than this.

Mr D said the original agreement doesn't state that the information is commercially sensitive, so it's not fair for MHC to rely on that now. However, as explained above, the original agreement doesn't provide a detailed breakdown, and there's no evidence that Mr D asked for one at the time. I'm not persuaded that it was unfair for MHC to rely on the same level of information when it issued the modifying agreement. With the exception of the monthly rental and effective date, MHC confirmed that all other information remained the same as the original hire agreement.

When asked to provide an approximate price for the original agreement based on lower mileage, MHC told me that it would have been an almost identical monthly rental. On consideration of Mr D's request for a new quote, it decided to offer a small reduction as a gesture of goodwill.

So, on the face of it, the evidence doesn't persuade me that MHC did anything wrong by providing a general response to Mr D's request for a price breakdown, and specifically in respect of the rental charge for the annual mileage allowance.

Other cases

I recognise Mr D has made reference to a case which he believes supports his complaint that MHC treated him unfairly. As I've said, I've had regard to the relevant law, but each complaint is considered on its own merits and its own individual circumstances. I'm satisfied that the outcome proposed is fair and reasonable in the overall circumstances.

Compensation

MHC said that it identified service failings when it looked into Mr D's complaint, so it offered him £75 compensation. I haven't seen anything in the evidence to suggest that MHC fell short in its handling of Mr D's request to amend his agreement, therefore I see no reason to require MHC to make the payment. That said, if the offer remains available, Mr D may wish to contact MHC to accept the compensation if it hasn't already been paid.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision. Neither Mr D nor MHC provided any further comments or information.

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.

In the absence of any further comment, I've looked again at the evidence. However, I remain persuaded that MHC did nothing wrong by providing a general response to Mr D's request for a price breakdown, and in respect of the rental charge for the annual mileage allowance.

Therefore, I see no reason to change the outcome I explained in my provisional decision.

My final decision

For the reasons I've explained above, and in my provisional decision, my final decision is that I don't uphold Mr D's complaint about Mitsubishi HC Capital UK Plc, trading as Novuna Vehicle Solutions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 10 February 2025.

Debra Vaughan
Ombudsman