

The complaint

Mr P complains LeasePlan UK Limited (LeasePlan) mis-sold a car hire agreement because it did not explain the standard manufacturer's warranty would not last the duration of the hire agreement.

What happened

Mr P entered into a hire agreement with LeasePlan in order to hire a car in August 2021. The car was first registered in May 2021. The duration of the agreement was 36 months and Mr P was to pay rentals of £457.92.

Mr P had a problem with the air conditioning unit in the car in 2024. The repairs were covered under warranty and cost around £1,000. However, he explained in May 2024 he realised the warranty was due to expire and there was still three months of the agreement remaining. He didn't want to be liable for any repairs which might have arisen in this period and so contacted LeasePlan to cancel the agreement. However, a balance was due as a result of the early cancellation. Mr P didn't feel he should have to pay this balance as a result of being mis-sold the hire agreement on the basis that he would have manufacturer's warranty for the full duration. Therefore, he complained to LeasePlan.

LeasePlan responded to the complaint. It didn't uphold the complaint because it said the broker would have advised Mr P that the car was registered on 31 May 2021. Also, it was his decision to end the agreement early.

Mr P remained unhappy and asked our service to investigate. Our Investigator looked into things and explained why she didn't think the complaint should be upheld. Mr P didn't accept our Investigator's findings and asked for an Ombudsman's decision. Therefore, the complaint 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.

When considering what's fair and reasonable, I take into account relevant law, regulations and guidance. Section 56 of the Consumer Credit Act 1974 (CCA) is relevant to this complaint. This sets out that, under certain circumstances, a finance provider is liable for what was said by a credit broker or supplier before a credit agreement is entered into. I am satisfied Section 56 applies here. So, I can consider what Mr P has said about what he was told (or not told) by the broker before he entered into the hire agreement with LeasePlan.

The first thing I need to think about is whether a false statement of fact or material omission was made. I've listened to the call Mr P has had with our service. He explained he wasn't told the car was pre-registered and that the warranty would expire in May 2024. Mr P has said he wasn't told the manufacturer's warranty wouldn't run the duration of the hire agreement. I've reviewed a copy of the personal hire contract which was signed on 5 August 2021. I can see the notes section on the front page clearly stated: *"Limited Stock Offer. Pre-*

Registered Vehicle." This satisfies me Mr P was likely to have been reasonably informed he was buying a car which had been pre-registered. It also stated the car had three years standard manufacturer's warranty.

Having thought about this, I'm not persuaded there has been a material omission here or false statement of fact. Mr P had reasonable information which confirmed he was purchasing a car which had been pre-registered. He also understood the standard manufacturer's warranty ran for three years. It is typical for manufacturer's warranty on a car to run from the date of registration of the car and I think Mr P could have questioned this if he was unclear and it was important to his decision-making.

Nevertheless, I do appreciate the points which have been made by Mr P about the warranty, and I can accept there might be an argument to say it ought to have been made clearer and because it wasn't there was a material omission. However, even if I were to say a material omission had been made, I don't think this would change the outcome of my decision. This is because I would also have to say that this material omission induced Mr P into hiring the car, and had he been aware of the facts he would not have entered into the agreement.

Looking at the facts of this case, I'm unable to conclude this and I'll explain why. There are benefits to hiring a pre-registered car as it allows consumers to hire a car which is practically new at a price which is likely to have been lower than a car which had only just been registered. Moreover, Mr P seems to have been reasonably informed the car was pre-registered and doesn't seem to have questioned the warranty which I think he would have done had it been an integral part of his decision to enter into the agreement.

Additionally, Mr P has explained that during the course of the agreement the car needed a repair which was covered under warranty. He has explained he terminated the agreement because he didn't want to be responsible for any further repairs. It is with the repairs fresh in Mr P's mind that he now says he wouldn't have entered into the agreement. I appreciate manufacturer's warranty wouldn't be an unusual consideration when entering into an agreement for a car, but I'm unable to say, on balance, he wouldn't have entered into the agreement. This is because he only wasn't covered by the warranty for a period of three months out of the total duration of 36 months. As mentioned, there can also be benefits to acquiring a pre-registered car.

Moreover, Mr P had also enquired about terminating the agreement in April 2024 due to a reduced income and he had asked for any discretion regarding the amount of the termination fee. I can appreciate in these circumstances why he was concerned about having to cover the cost of any additional and unexpected repairs when he realised the warranty ended. However, it seems he experienced a change in income which affected his circumstances, and he was in a different position when he first took out the agreement. Weighing up all the evidence I have, I'm not persuaded Mr P wouldn't have entered into the agreement.

Mr P has explained he doesn't feel he should have to pay the £686.88 which fell due because of early termination as he only terminated the agreement because the car was no longer covered by warranty. I don't think the agreement was mis-sold so I can't ask LeasePlan to waive the balance. Additionally, whilst I understand Mr P's reasons, it was ultimately his choice to terminate the agreement early. The early termination terms were set out in the agreement.

Overall, I'm not satisfied there has been a material omission or false statement. And even if I were to conclude the broker ought to have been clearer about the manufacturer's warranty, for the reasons outlined above, I don't think this would have changed Mr P's decision to hire the car at the time. I appreciate Mr P will be considerably disappointed by my decision and I understand he doesn't think he should have to pay the amount due following cancellation of

the agreement. However, it was his decision to end the agreement early. Therefore, I won't be asking LeasePlan to do anything to resolve this complaint.

My final decision

For the reasons outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 September 2025.

Laura Dean
Ombudsman