

The complaint

Mr C complains about a change to the mileage allowance on a hire agreement he took out in October 2019 with Mitsubishi HC Capital UK PLC trading as Novuna Vehicle Solutions ('MC').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Around 18 months into the agreement Mr C (with the help of his broker) asked MC to reduce the contract mileage on the hire agreement and it provided a revised quote for this.

At the end of the agreement MC charged Mr C an excess mileage charge – saying he was over his mileage allowance. Mr C says he understood the initial 18 months of his agreement was still benefiting from the higher mileage allowance – but MC had unfairly applied the new allowance to the entire hire period. He says he was not expecting this.

A complaint about this came to our service. Our investigator thought MC had applied the correct mileage allowance – and did not think it had treated Mr C unfairly.

Mr C disagrees. In summary, he says the process of amending the hire agreement was not clear and the contract is misleading.

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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In order to decide what is fair I have considered the hire agreement which Mr C signed. I note Mr C has referred to the agreement as being for five years, but I think it is reasonably clear that the agreement is for a 36 month term with an option to extend.

With this in mind I note the hire agreement is also clear that the mileage allowance is specified as a total of 45,000 miles for this term. And I can see the change MC implemented in 2021 was not based on a reduction to the mileage allowance for a period of the remaining 18 months of the agreement. It was a change to the *total* mileage allowed under the whole 36 month term from 45,000 miles to 24,000 miles. Reflecting a pro-rated amount equivalent to 8,000 miles a year. So I don't consider MC were acting incorrectly by not treating the first 18 months as being subject to the previous total mileage allowance of 45,000 (pro-rated at 22,500 miles for 18 months).

I can also see the quote MC sent to Mr C's broker (and which was forwarded to Mr C for approval) is reasonably clear that the amendment proposed was to the total mileage for the

agreement from 45,000 miles down to 24,000 (with a notable reduction in the cost of remaining monthly rentals to reflect this). And I note Mr C wrote to MC to say he agreed with this amendment.

While I can see Mr C appears to have misunderstood the situation I don't think MC should fairly be liable for any potential misunderstanding here. I say this because I think the information he agreed to was reasonably clear. But I also note that if the arrangement was to be as Mr C indicates he understood – the figures in the revised mileage allowance in the quote MC provided would clearly stand out as incorrect. Mr C's new mileage allowance would need to be significantly more than the 24,000 miles MC stated as the proposed total for the adjusted agreement. It would have been reasonably clear that MC wasn't offering what Mr C was expecting – and this was something he could have fairly queried before agreeing to the change.

I note Mr C continued with his agreement on a rolling basis after the 36 month term based on the same terms - which effectively gave him an 8,000 miles a year rolling allowance moving forward. So when he handed the car back to MC around June 2024 the mileage allowance which it calculated of around 37,000 does not clearly strike me as incorrect based on the revision agreed in 2021. And it stands to reason that as Mr C returned the car with around 50,000 miles he would fairly be charged the excess mileage amount MC applied (for around 13,000 miles excess).

I can't fairly agree MC made an error in not giving Mr C an additional mileage allowance he says he was expecting when he returned the car here. Or that it was unclear about the change to the total mileage allowance afforded by the agreement. I know this will likely disappoint Mr C - he doesn't have to accept my informal decision, and can consider more formal avenues to pursue his dispute (such as court) if he wishes.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 May 2025.

Mark Lancod
Ombudsman