

The complaint

Mr H complains about breaches of contract and administrative errors by LeasePlan UK Limited, trading as Leaseplan, relating to a hire agreement under which a car was supplied to him.

What happened

A used car was supplied to Mr H under a hire agreement with Leaseplan that he signed in July 2023. The hire period was 48 months and he agreed to pay an advance rental of £363.05 and 47 monthly rentals of £363.05 to Leaseplan.

There were some issues about a service of the car and the direct debit for Mr H's payments. Mr H complained to Leaseplan in August 2024 that it hadn't collected a payment since December 2023 (which had resulted in an outstanding balance of £3,843.77 which he was unable to pay) and he'd lost confidence in LeasePlan so wished to return the car and end the agreement.

Leaseplan upheld Mr H's complaint. It said that the payments hadn't been collected due to an administrative error, for which it apologised, and that its accounts team did try to contact Mr H in relation to his account balance. It proposed that a goodwill credit of £750 be applied to Mr H's account to assist and apologise for its error and the remaining balance be split over 60 payments of £67.25 (in addition to his monthly rental payment). It also said that a quotation could be provided for the early return of the car but an early termination payment equal to 50% of the rentals which would have been payable during the remainder of the term would apply.

Mr H didn't accept Leaseplan's proposal and he complained to this service about Leaseplan's failure to collect direct debit payments, inadequate compensation and payment proposals, incorrect claims of communication attempts and the early termination fees despite its errors. He says that he seeks compensation for the financial and emotional distress caused by Leaseplan's handling of his account, return of the car without any early termination fees and further compensation for the inconvenience and stress caused.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She acknowledged that the situation had been distressing for Mr H but she said that she was persuaded that Leaseplan had offered a fair resolution to his complaint so she wouldn't be asking it to take any further action.

Mr H didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He has provided detailed responses to the investigator's recommendation about: the failure to challenge Leaseplan's false claims about communication; the failure to recognise Leaseplan's breach of contract; and the unfair financial burden and inadequate compensation.

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.

Mr H had signed the hire agreement and agreed to pay a monthly rental of £363.05 for the car to be supplied to him. He suspended his direct debit for those payments because of a service issue with the car. He said in November 2023 that he'd had a dispute with Leaseplan over a service issue that was resolved in his favour the previous month. Mr H then said that it appeared that he may have given Leaseplan the incorrect bank account details when he set up a new direct debit payment so he provided it with his correct bank account details.

Leaseplan accepts that, due to an administrative error, the monthly rentals then weren't collected, and it proposed that a goodwill credit of £750 be applied to Mr H's account to assist and apologise for its error. A goodwill credit of £750 to Mr H's account is more compensation than I would have awarded in these circumstances for Leaseplan's administrative error.

Leaseplan also proposed that the outstanding balance of Mr H's account, after the goodwill credit, be split over 60 payments of £67.25 (in addition to his monthly rental payment) and it says that it would discuss the solution in more detail to ensure affordability for Mr H. Mr H had the car and was able to use it so I consider that it's fair and reasonable to expect him to pay the monthly rentals to Leaseplan. I also consider that Leaseplan's proposal to split the outstanding amount was fair and reasonable and I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Leaseplan to write-off the amount that is owed to it by Mr H.

Leaseplan's records for Mr H's account show that it tried to phone Mr H about his account in January, February, April and August 2024 and twice in June 2024 but the calls weren't answered. I can see that the calls were made to the phone number that Mr H has provided to this service. Leaseplan has also provided copies of letters about the account that it sent to Mr H and I can see that they were correctly addressed. Mr H says that he didn't receive those calls and letters but I consider it to be more likely than not that Leaseplan did try to contact him about his account. Even if he didn't receive those letters, I consider that Mr H ought reasonably to have known that the monthly rentals of £363.05 that he'd agreed to pay to Leaseplan weren't being collected by Leaseplan.

Mr H says that there's been a breach of contract by Leaseplan because the car should have been serviced in March 2023, before it was supplied to him, and that Leaseplan only accepted responsibility after a long and stressful dispute and it then agreed to pay for the service. Mr H said that the service issue was resolved in his favour. Even if there had been a breach of contract by Leaseplan regarding the March 2023 service (and I make no finding as to whether or not that was a breach of contract), I consider that Leaseplan paying for the service was an acceptable remedy for any such breach of contract. I'm not persuaded that the service issue, or any of the other issues about which Mr H has complained, are enough to justify him being able to return the car and end the hire agreement without paying any early termination fees.

It's clear that Mr H's feels very strongly that Leaseplan should be required to pay him more compensation than the goodwill payment that it has proposed and that he should be able to return the car without any early termination fees, so I appreciate that my decision will be disappointing for him. I consider that Leaseplan's proposal of a £750 credit to Mr H's account and a payment arrangement for the outstanding amount that he owes it to have been a fair and reasonable response to his complaint. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Leaseplan to pay more compensation to Mr H than the goodwill payment that it has proposed, to allow Mr H to return the car and end the hire agreement without any early termination fees or to take any other action in response to his complaint.

I suggest that Mr H contacts Leaseplan to explain to it his current financial situation and to try to agree an affordable payment arrangement for the amount that he owes it. Leaseplan is required to respond to any financial difficulties that Mr H is experiencing positively and sympathetically.

My final decision

My decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 June 2025.

Jarrold Hastings
Ombudsman