

## **The complaint**

Mrs M complains about end of contract charges when her agreement with LeasePlan UK Limited ended.

## **What happened**

In March 2021 Mrs M was supplied with a car and entered into a hire agreement with LeasePlan. The agreement was for a term of 36 months with an annual mileage allowance of 8000 miles.

The agreement was informally extended from 1 April 2024 to 17 June 2024.

When the agreement ended LeasePlan sent Mrs M an invoice for excess mileage charges of £293.44.

Mrs M disputed the charges.

LeasePlan didn't uphold the complaint. In its final response it said the excess mileage in charges were correct.

Mrs M remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said the hire agreement signed by Mrs M stated that the annual mileage allowance was 8000 miles with excess mileage charges of 15.13p per mile. The investigator said that Mrs M had returned the car in June 2024 with 38,127 miles, which was in excess of the mileage allowance including an allowance for the lease extension of 2 months and 17 days. The investigator concluded that the charges were correct.

Mrs M didn't agree. She said the agreement didn't state "pro rata" but only "per annum", and that her agreement was for 39 months (or 3 years and 3 months) which meant that she should be able to avail herself of the full annual mileage allowance for the last three months of the agreement. Mrs M said she hadn't been told that her mileage allowance would be calculated pro rata.

Because Mrs M 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 it will disappoint Mrs M, but I agree with the investigators opinion. I'll explain why.

I've reviewed the agreement. In the key information section, it states that the annual mileage allowance is 8000 miles. It further states:

*"The Excess Mileage Charge and (where applicable) the Excess Mileage Maintenance*

*Charge shown will be payable for each mile driven in excess of the Annual Mileage Allowance. This will be charged on expiry of the Term, or the earlier ending of this Agreement (see paragraphs 2.5 and 9.5 of the Terms and Conditions)."*

In the Terms and Conditions, paragraph 2.5 states:

*"You shall pay to us the Excess Mileage Charge for each mile over the total Annual Mileage Allowance that the Vehicle travelled in the Term, or each mile over such proportion of the total Annual Mileage that would have accrued to the day of termination if earlier. Such Excess Mileage Charge shall be payable upon termination of the hiring together with any VAT at the then current rate"*

Paragraph 9.5 deals with the Excess Mileage Maintenance Charge which isn't applicable in this case.

The clauses in the agreement must be read in conjunction with the Terms and Conditions in order to interpret the full effect of the contract.

Mrs M has said that the agreement is expressed in terms of "per annum". Whilst I agree that the agreement refers to the Annual Mileage Allowance, the Terms and Conditions (which form part of the agreement) make it clear that the Annual Mileage Allowance will be calculated as a proportion at the date of termination.

In this case, Mrs M entered into an agreement for a term of 3 years. There's no dispute that the mileage allowance for each of those three years was 8000 miles. Following the end of the initial term, Mrs M informally extended the agreement and continued to use the car for a further 2 months and 17 days.

The effect of the Terms and Conditions are that the Annual Mileage Allowance was calculated as a proportion of the annual (or 12 month period) to reflect the period of the extension (2 month 17 days).

I don't agree with Mrs M when she asserts that she should have the benefit of the full annual mileage allowance of 8000 for the portion of the year that she had the car in year 4. In my analysis the terms and conditions are clear that annual mileage allowance is calculated as a proportion where the agreement is terminated prior to the expiration of a full year.

In its final response, LeasePlan said this proportion equated to 1995 miles. However, on the invoice dated 8 April 2024 the contract mileage is stated as 26,000 miles (3 years at 8000 miles and a proportion of year 4 at 2000 miles).

I disagree with both calculations. If the Annual Mileage Allowance is 8000 miles, this equates to 21.91 miles per day (8000 miles divided by 365 days). So a period of 3 complete years and a further 2 months and 17 days would equate to 1173 days with a total contract mileage allowance of 25700 miles (1173 x 21.91).

It follows that Mrs M is in a better position having been allocated a total contract mileage of 26,000 as per the invoice.

Having considered everything, I'm unable to say that LeasePlan has made an error or treated Mrs M unfairly.

### **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 Mrs M to accept or reject my decision before 29 May 2025.

Emma Davy  
**Ombudsman**