

The complaint

Miss A complains about the actions taken by Lex Autolease Ltd (LA) in relation to a hire agreement.

As a note, I can see from Miss A's testimony that the complaint events have had a huge affect on her mental health, I've kept this in mind whilst reviewing the complaint, and I can see Miss A has been provided details of services that may be able to help her in the investigator's outcome. I hope Miss A is starting to recover.

What happened

Miss A explained that in 2020, she accepted a payment holiday from LA. In January 2024, her vehicle leased under the agreement was stolen, ending the agreement. Miss A continued to pay until the insurance settlement covered the vehicle amount. LA refunded the payments Miss A had made during this time, however Miss A had asked if they could be retained against the deferred payments still owed. Despite this request, the money was still refunded. LA also required a payment of £550 from Miss A for her insurance excess as around this amount was taken off the settlement figure paid out by the insurance company to LA. Two payments had gone unpaid by Miss A due to direct debits not being able to be taken from her bank account, however Miss A said she wasn't made aware of this and the dates hadn't been agreed. On one occasion Miss A explained there was enough in the account to cover the direct debit.

The first Miss A said she knew about this payment trouble was when she received a default notice dated in June 2024. Miss A explained she received this on 1 July 2024, and called LA immediately. Miss A said that this has had an extreme detrimental affect on her mental health due to her personal living situation, and has stopped her being able to obtain a mortgage due to the default. Miss A also added she was told she could purchase the vehicle for around £28,775.00 but her insurance paid out a total of over £41,000.00 and was told she was not entitled to the difference.

Miss A complaint to LA about these issues. In its final response to the complaint LA didn't uphold it. It said it had taken all appropriate steps to notify Miss A about the arrears on the account, and sent letters explaining what was required. As LA didn't receive payment, it sent a default letter to Miss A on 25 June 2024. As such LA stated there was no service failing and the default would not be removed.

As she was unhappy with this, Miss A brought her complaint to this service, where it was passed to one of our investigators. The investigator didn't uphold the complaint. They said La hadn't treated Miss A unfairly in applying the default and working through it's process in cases like these and they haven't acted outside the terms of the agreement. Miss A disagreed with this and raised several points in reply. The investigator said some of these were new points raised and would need to be considered under a new complaint with LA, but that the information supplied didn't change the investigator's outcome. As Miss A disagreed with this, I've been asked to review the complaint to make a final decision.

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've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome. There will be times where I have summarised what's been said, but I assure Miss A and LA I have taken all of the information supplied into account.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Miss A complains about a hire agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Miss A's complaint about LA.

Miss A raised several issues with how LA went about applying the default, and settling her agreement. The heart of the matter appears to be that Miss A didn't realise payments were due to be taken and then were missed, as she's explained she didn't get any notifications about the default until the default notice and write-off letter. This led to a default being applied, which has caused Miss A significant hardship.

Having examined everything I have about what happened, I'm not persuaded that LA acted unfairly or incorrectly in applying the default. I say this because LA issued clear communication around what was required and when it would be required by.

I can see Miss A was in communication with LA in January and February, discussing the vehicle valuation. Miss A says some of these emails were never responded to. LA then email on 1 March 2024 to explain the settlement has been received, explaining the invoice for policy excess will be generated along with a credit for any monthly invoices generated for the vehicle since the incident. I can see a call in on the same day, and Miss A has explained she asked LA to retain those payments towards any money owed. LA did not retain the money, and proceeded to send the credit as it said it would do. I acknowledge why Miss A would have liked LA to retain the money and apply it towards the balance, but it did not have to do this, and I think it is reasonable to say that Miss A could've been aware of this refund to her bank account as it is not what I'd say a reasonable person would consider an insignificant amount.

On 2 March 2024, There is a letter from LA to Miss A's address stating the payment holiday repayments are now due, showing the three amounts outstanding and the dates these will be due, explaining the direct debit will be collected on or around the dates listed. I acknowledge Miss A says she didn't receive this, however I can see that it appears to be in the correct name and address. I can't hold LA responsible for Miss A not receiving this, if the letter has been correctly addressed and sent. Miss A raised questions around the direct debit date being changed, but I can see here she was given the relevant information about the direct debit and as such LA haven't acted incorrectly. If LA did act incorrectly, the direct debit guarantee means Miss A could claim a refund of this payment through her bank, but this still wouldn't have meant the amount owed to LA was paid.

Following this, I can see a note from a call on 18 March 2024, where Miss A contacted LA as a payment had gone out and this was discussed. The next payment due around 17 April 2024 is listed as being returned unpaid. I can see following this contact notes showing LA

tried to call and email Miss A about the issue on 22 April 2024. Following this there is a letter dated 29 April 2024, again appearing to be in the correct name and address, explaining the account is in arrears, listing the payments due and when they are due and explaining payment needs to be made within ten days of the date of the letter.

Following this, the payment due in May is also not completed successfully. I can see on 22 May 2024, LA again try to contact Miss A by phone and send an email explaining the situation. This is followed by a letter dated 28 May 2024 explaining no payment has been received, lists the payments outstanding and the potential consequences of non contact or payment including writing off arrears and recording a default. Again, I acknowledge that Miss A said she didn't receive these letters, However I can see these appear to be in the correct name and address, are listed as sent in the contact history, and as such I can't hold LA responsible if Miss A didn't receive this.

On 10 June 2024, I can see LA have tried to contact Miss A by phone and sent an email again. This is followed by the letter dated 10 June 2024. This appears to be in the correct name and address, and states the account is still in arrears, explaining what will happen if no successful contact is made or no payment received within 14 days, including writing off the arrears and applying a default.

This is followed on 25 June 2024 by a letter explaining a way forward has not been agreed, and states the account shows in default at credit reference agencies. I can then see phone contact between Miss A and LA on 1 July 2024. The notes appear to show that Miss A thought two payments had left the account, however was told these were returned unpaid. LA have input in the notes that Miss A was referred to her bank to find out why these were returned unpaid. LA will try to take the payment through the direct debit mandate, however if this is returned unpaid, this could well be because the bank has stopped the payment going through or there isn't enough funds in the account to cover the direct debit amount. I can't see that LA have acted incorrectly in referring Miss A to her bank to find out why this happened.

Following this, Miss A contacted LA to explain she'd contacted LA on 11 June 2024 asking to see the outstanding amount but never received a reply. I can't see a log of this email or a reply from LA to this email, but I also haven't seen the email from 11 June 2025 either, just the one in July that refers to it. I don't doubt what Miss A has said is true to the best of her knowledge, having said this, LA have made multiple attempts through different methods of contact over time, and have sent letters explaining clearly the amounts outstanding up to this point. I think it is reasonable to suggest Miss A could well have been aware of the amount outstanding and what was required. Before 11 June 2024, the only contact I can see about the payments was on 18 March 2024, with attempts from LA to contact Miss A within that timeframe.

Miss A's agreement shows in the terms regarding default if two consecutive rentals are failed to be paid LA have the right to take actions described below as serving a default notice explaining the agreement is in default.

As the payments had failed to be made on time, and several attempts were made by LA to contact Miss A about them, including relevant letters and notices outlining what steps may be taken and when to rectify the issues by, I'm not persuaded they unfairly applied this default having considered the information available.

Miss A also Said she was unhappy with the discrepancy in the amount paid out by her insurer for the vehicle, and the price she was offered to purchase the vehicle at. I acknowledge why Miss A would question this, However it is explained that the offer amount is calculated on a number of variables, but the insurance payout was the decided market

value for LA's asset. I find it unlikely that an insurance company would willingly pay significantly over the odds for a vehicle it could reasonably know was inflated in value if this was the case, and I don't consider that LA has acted incorrectly here.

Alongside the issues reviewed above, Miss A stated she wasn't provided clear information about the repayment holiday, including that she wasn't made aware about potential future repayment issues. I can see that LA sent Miss A an email on 23 March 2020 stating terms of the repayment holiday including that deferred payments will be invoiced at the end of the contract, and if Miss A wanted to repay these sooner they could discuss this, as well as explaining LA will write advise when invoicing will start, asking Miss A to contact them if she is unable to make payments at that stage, as well as outlining that as long as the terms of the agreement are met, the credit file will not be affected. LA also asked Miss A if she agreed to the repayment holiday, to reply stating that she accepts the terms and conditions.

I can then see Miss A has replied on 25 March 2020 accepting the terms and conditions. I acknowledge what Miss A has said, but if Miss A was unsure on how the repayment holiday terms could affect her, she had the opportunity to ask any questions about this before agreeing to it.

I acknowledge why Miss A has raised the complaint, and feels as strongly as she does about the implications of the default being registered, but having carefully considered everything I have, I am unable to find that LA have acted incorrectly and as such I can't direct them to do anything differently here. The information contained in the investigator's view around useful organisations is still available if Miss A needs or wants to use any of the services available to her.

My final decision

Having thought about everything above, although I acknowledge Miss A's situation and circumstances, I don't uphold Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 15 October 2025.

Jack Evans
Ombudsman