

The complaint

Ms A complains about the quality of a car that was supplied through a hire agreement with Lex Autolease Ltd (LAL).

What happened

In October 2021, Ms A entered into a lease agreement with LAL to acquire a car. The annual mileage allowance on the agreement was 10,000. An initial rental is listed as £2,969.86, with 35 monthly rentals of £494.98.

In February 2024 the terms of the agreement were amended. The annual mileage allowance was reduced to 5,000, and Ms A was due to make nine further monthly rentals of £340.70.

Ms A said that soon after supply two warning lights came on and the car started intermittently lunging forward. She said it was reported to the dealership and was taken in on about three occasions, but the issues remained unfixed.

In January 2024 Ms A contacted LAL to report the issues that were ongoing. In May 2024 LAL issued their final response to Ms A's complaint. In summary, LAL upheld Ms A's complaint and confirmed the car wasn't of satisfactory quality as it wasn't durable, due to a failed repair. LAL supported a repair of the car, however, they said should the repair not be successful or if Ms A decided to no longer go ahead with the repair (up to 11 August 2024) they'd support an early termination of the agreement and suppress any termination charge (less excess mileage or damage fees). LAL also arranged to pay Ms A £320.78 as compensation for any distress and inconvenience.

Ms A said she booked a repair with the dealership for July 2024 and was given a courtesy car. However, she said after four months of her car being with the dealership they still hadn't resolved the issue despite confirming it was an electrical drive unit issue.

Ms A said she was told the parts for repair had been delivered and the car was scheduled to be returned to her in January 2025, however, as the issues remained unresolved, she brought her complaint to our service in November 2024 where it was passed to one of our investigators to look into.

Ms A said the situation has been stressful for her, impacting her work, and at times she's had to make alternative travel arrangements. As a result, Ms A said she terminated her agreement early and made arrangements to lease another vehicle with a different provider.

In their file submission to our service, LAL confirmed they made the following payments to Ms A:

- £220.78 loss of enjoyment for the dates 19 December 2023 to 22 May 2024 £
- £331.55 loss of enjoyment for the period 4 July 2024 to 29 November 2024 £

- £
123.22 loss of use for the period 30 November 2024 to 11 December 2024
- £
4 statutory interest
- £
100 for the inconvenience caused.

In addition to this, LAL offered a further payment to Ms A of £91.85 for the loss of enjoyment for the following periods:

- 8
November 2023 to 18 December 2023 and 23 May 2024 to 4 July 2024
- a
further £250 compensation for the inconvenience caused by the issues; and
- £
50 compensation for the delays in dealing with the complaint.

Ms A declined the amended offer from LAL as she didn't think it fairly recognised what she'd experienced.

The investigator recommended that the revised offer made by LAL was fair in all the circumstances to recognise what Ms A had experienced. However, Ms A didn't accept the investigator's assessment. She responded to say she had to make alternative travel arrangements which increased her expenditure, her termination of the agreement wasn't related to the offer LAL made, the contract amendment was because she wasn't able to use the car as much as she intended and she felt the compensation didn't reflect that she couldn't use the car for a considerable period of time.

The Investigator's opinion remained unchanged, so Ms A asked that her complaint be referred to an ombudsman for 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.

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.

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.

Ms A complains about a hire agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Ms A's complaint about LAL. LAL is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that “*the quality of the goods is satisfactory, fit for purpose and as described*”. To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains the durability of goods is part of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Ms A acquired a new car, so, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a second hand, more road-worn car and that it could be used – free from defects – for a considerable period of time

In the circumstances of this complaint, both parties have agreed that the car wasn't of satisfactory quality. Ms A complained that she didn't think it was fit for purpose, and LAL confirmed in their final response that due to the recurring issues it wasn't durable, which effectively means it wasn't of satisfactory quality when it was supplied.

One of the remedies under the CRA for unsuccessful repairs include a rejection of the goods, however Ms A confirmed that she decided to terminate the agreement herself, aside from any offer made by LAL and return the car. In the circumstances I don't think it was unreasonable for Ms A to do so, as the car had been with the dealership for a number of months awaiting repair. I think it was a significant delay. So, its important that any remedy offered to Ms A takes this delay into consideration. Ms A didn't make us aware of any unreasonable fees or charges incurred because of the termination, so I've taken it that she hadn't incurred any.

As Ms A was experiencing performance issues, with the car intermittently lunging forward, I think it's reasonable that a loss of enjoyment is considered. In addition, there were times when Ms A was without the car when it was in the garage, and where she may not have had a courtesy car, I think there should be some reimbursement for these periods. And for the inconvenience caused as a result of the problem with the car, having to make other arrangements or with the added difficulty of transporting certain items in the boot area I think Ms A should be compensated for this.

To settle the complaint, LAL offered to compensate Ms A for loss of use and enjoyment for when the car was presenting faults and when she didn't have use of it. Ms A also confirmed that a courtesy car was provided to her from July 2024 which meant she was kept mobile. I recognise the courtesy car wasn't to the exact same specification as the hire car, but I think it was reasonable that Ms A was kept mobile in the circumstances.

Having reviewed LAL's offer I can see they've considered loss of enjoyment and loss of use to incorporate the periods which affected Ms A. I'm of the opinion that they are reflective of when Ms A was experiencing issues or without the car. In addition, Ms A hasn't disputed these dates. LAL have also offered to pay Ms A, a total of £400 in compensation which includes a consideration for delays in their handling of matters. In consideration of what Ms A has said she's experienced, I think LAL's offer is fair in all the circumstances. So, I won't be asking them to do anything more in relation to this complaint.

I recognise Ms A feels strongly about how she was treated by LAL and believes she should be given more compensation in recognition of the issues, however having consider the detail of her complaint, I'm satisfied that LAL have made a fair and reasonable offer to her.

My final decision

To settle the complaint Lex Autolease Ltd have offered to pay to Ms A, £867.40 for loss of enjoyment and loss of use, with statutory interest, and £400 in compensation. I think this is fair in all the circumstances. So, I'm not going to ask Lex Autolease Ltd to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 18 July 2025.

Benjamin John
Ombudsman