DRN-5725969

Financial Ombudsman Service

The complaint

Mrs F complains about a car supplied under a hire agreement, provided by Lex Autolease Ltd trading as Lex Autolease.

What happened

Around December 2021 Mrs F acquired a new car under a hire agreement with Lex. Mrs F paid an initial rental of £2,500 and was due to pay total monthly rentals of £674.49 for 48 months.

Unfortunately, Mrs F says the car developed issues. She said she's had persistent problems with it since she got it. These included an error message about emergency braking and lane assist which were nonfunctioning, parking sensors not working, a drag and jolt when accelerating and the electric mode not working on the hybrid motor.

Mrs F explained the faults meant sometimes the car cut out for a few seconds which led to some "*terrifying moments"* when driving with family. She said she's nearly had three collisions in the car because of this.

Mrs F said the car has been returned to the dealer several times. She said the first time no faults were found. She said in February 2024 repairs were completed but only worked for a few weeks. Then she said more parts needed to be replaced but these weren't available.

At the end of August 2024 Mrs F complained to Lex. Lex issued its final response at the beginning of October 2024. In summary, this said that the dealer was currently waiting for an *"electric drive unit"* which was on back order. It explained this caused faults with the lane assist, emergency braking and parking sensors.

Lex said previously a repair was carried out to a "*high voltage heater*". It said the faults were not linked.

Lex said it wasn't upholding the complaint as cars are *"complex machines and are made up of multiple components. it is not unreasonable for these components to fault within their lifetime.".*

Mrs F remained unhappy and referred the complaint to our service. She said she wanted to return the car as she felt completely unsafe driving it.

While we were looking into things, Mrs F explained the parking sensors had failed again. She said the faults were occurring more frequently. And she said the hybrid system hadn't worked at all since May 2024 meaning the car had cost more to run as it wasn't using the battery.

In December 2024, Mrs F confirmed a repair had been completed.

Our investigator issued a view and upheld the complaint. She said, in summary, that she didn't think the car was of satisfactory quality when it was supplied to Mrs F as it wasn't durable. She said she thought a repair was a reasonable way of putting things right, which had now been completed.

Our investigator explained she thought 20% of the monthly rentals should be reimbursed from the times where the car wasn't performing as it should. And she said Lex should pay Mrs F £350 to reflect what happened.

Mrs F got in touch and said she was concerned about being charged for damage to the car that had occurred because of the parking sensors failing to work.

Lex got in touch and asked for clarification of when the 20% from the rentals should be paid.

Our investigator explained she thought the 20% should be reimbursed from when Mrs F got the car until December 2023, and then up until the date the car was repaired.

Lex responded and said there was no evidence of issues with the car before November 2023.

Our investigator asked Mrs F if she had any evidence of the faults occurring earlier.

Mrs F forwarded two emails, including one sent to the broker of the agreement from November 2023, that said the issues had been raised during the car's service in February 2023. And she explained faults had been *"discussed repeatedly"* with the manufacturer directly.

Our investigator forwarded this information to Lex. It explained it didn't think this showed any issues beginning in January 2022.

Our investigator then asked Mrs F if she had any other information from the time. Mrs F sent some invoices from February 2023. These mentioned an investigation into a warning on the dash and a recall about the hybrid system. Our investigator forwarded this to Lex.

As Lex and Mrs F remained unhappy, the complaint was passed to me to decide. I sent Mrs F and Lex a provisional decision on 17 July 2025. My findings from this decision were as follows:

Mrs F complains about a car supplied under a hire agreement. Entering into regulated consumer credit contracts such as this as a hirer is a regulated activity, so I'm satisfied I can consider Mrs F's complaint against Lex.

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – Lex here – needed to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect, taking into account any relevant factors. I'm satisfied a court would consider relevant factors, amongst others, to include the car's age, price, mileage and description. It's important to note in this case that the CRA explains the durability of goods can be considered as part of satisfactory quality.

So, in this case I'll consider that the car was brand new and, including the initial rental, Mrs F was paying the equivalent of around £700 a month to lease it. This means I think a reasonable person would have very high expectations for its quality. I think they would expect the car to be in near perfect condition when supplied and would expect trouble free motoring for a significant period.

What I need to consider in this case is whether I think Mrs F's car was of satisfactory quality or not. Having done so, I think it's clear this wasn't the case.

Lex has provided details from the dealer about the 'roadside event history', warranty claims and repairs to the car. This stated:

On 19 December 2023 the car had a "Roadside Event" at 15,143 miles. The notes state It explained this was due to a suspected "erad connection fault".

On 14 February 2024 at 16,696 miles a "HV heater" was replaced as the car wouldn't go into electric mode.

Lex then said it had spoken to the dealer in August 2024, who diagnosed a fault with the ERAD at 21,372 miles. It said this was placed on order, but said the car remained drivable albeit with the hybrid function disabled. It said the car had been returned to Mrs F.

It's also worth noting Lex explained the dealer had confirmed the issue from August 2024 caused faults with the lane assist, emergency braking and parking sensors – which backs up Mrs F's story about what was going wrong with the car.

Thinking about this, I don't think a reasonable person would expect a brand-new car from a prestige manufacturer to have faults which meant the hybrid system and safety features didn't work when it had covered only around 15,000 miles.

It's also worth noting that I don't agree with Lex that the repairs needed weren't linked. The first issue noted above in December 2023 is recorded as being in relation to a suspected ERAD fault. And the later repair required was to the ERAD.

It follows this that I'm satisfied the car supplied to Mrs F was not of satisfactory quality as it was not durable.

I then need to think about what would now be fair and reasonable to put things right. Given the car wasn't of satisfactory quality, Mrs F had various remedies available to her under the CRA. Our investigator explained she thought the fact the car had been repaired was enough to broadly meet Mrs F's rights. While I agree repair was one of the remedies available to Mrs F, I don't think this tells the whole story in this case.

When Mrs F complained to Lex in August 2024, she said she asked to reject the car. Lex has confirmed this was the case, telling our service:

"In order to put things right the customer wanted us to take the following action: To allow the customer to early terminate the agreement with no associated cost to do so."

The CRA explains Mrs F would have the 'final right to reject' if the car was of unsatisfactory quality and after one repair the car did not 'conform to the contract'. Conforming to the contract can be taken here as being of satisfactory quality.

When Mrs F asked to reject the car, it had already been repaired in February 2024. However I'm satisfied this didn't put things right as the car then required a further repair to actually resolve things. This means Mrs F had the final right to reject when she raised the complaint with Lex.

So, in summary, I'm satisfied that Mrs F both had the final right to reject the car and exercised her right to do so.

Lex effectively denied this right, and the latest repair was only carried out after this happened. Given this, and that Mrs F has explained she still wants to reject the car, I'm satisfied it would be reasonable for her to still be able to do so.

I've then gone on to consider what else should be done to put things right. I agree with our investigator that Mrs F had impaired use of the car. What was in debate, and with respect to our investigator, what I think was a little unclear, was when this was the case.

Mrs F has explained that the car had issues from when she acquired it. Lex has explained it hasn't seen any evidence of the issues before the end of 2023. So I've considered the evidence available.

I've seen an invoice from the dealer dated 2 February 2023. This states:

"Carried out investigation into the warning on dash found no fault codes relevant, cleaned camera due to dirt. Tested and all okay. Requires customer to monitor."

A separate invoice from the same date states:

"RECALL Loss of EV and Parallel Hybrid Mode"

I've very carefully thought about what Mrs F said about the period before this. She says she was in touch with the dealer during this time but hasn't been able to show this was the case.

I've seen an email sent in November 2023 from Mrs F to the broker. This states:

"As discussed, I have been experiencing recurring faults with my (make and model of car), and have been very dissatisfied with my experience of the car to date. I have persisted with it and tried to live with it (especially given the time it took to find a car due to lack of availability at the time due to Covid-related factors, limited parts supply etc), but now feel I need to raise it with you and Lex Autolease as I feel less and less safe driving the car."

The email goes on to explain the same faults Mrs F later complained about. It then states:

"This was happening sporadically, but now occurs on almost every journey"

"I have had several discussions with (manufacturer), mentioning at my annual service in February when they told me they couldn't find a fault"

"(manufacturer) have not been proactive in investigating the fault and have failed to rectify it over the year and a half that I have had the car"

I've very carefully thought about all of this. I think earlier faults are at least implied in the email. But I need to weigh this up against the lack of other evidence from when Mrs F says the first problems began.

I do think the invoices noted above back up what Mrs F explained about the issues occurring in February 2023, even though apparently nothing further was done at the time. I say this as potential issues with the hybrid system were recorded and the fact there was a warning light noted, and a camera cleaned, seems likely to me to be linked to the safety features Mrs F mentioned.

Considering all of this, I think it's reasonable for Lex to reimburse part of the payments to reflect impaired usage beginning from 2 February 2023.

An initial repair was carried out on 14 February 2024 which Mrs F confirmed at least *appeared to resolve the issues for a short period of time. She then explained they reoccurred around two and a half months later. She said she complained to the manufacturer, but there was a delay until August 2024 until the car was seen and the fault confirmed.*

I think Mrs F's testimony is reasonable here and so I'm also satisfied Lex should pay an amount to cover this period until the car was repaired. It's hard to be specific about exactly when the faults started to reoccur, but in the absence of other evidence, based on what Mrs F said I think a date of 1 May 2024 seems reasonable. I will of course reconsider this if I receive information to show something different in response to this decision.

In summary, I find Mrs F likely had impaired usage of the car from 2 February 2023 to 14 February 2024 and then from 1 May 2024 to when the car was repaired, which I believe was at some point around December 2024.

I've then gone on to consider an amount to reflect this impaired use.

From what I've seen, initially the faults appear to have been sporadic in nature, although I think they likely progressively got worse. I think the issues, when they did occur, were reasonably significant. I find 15% of the monthly rentals would be reasonable to reflect the earlier period.

When the faults reoccurred, I'm satisfied based on what I've seen that they were likely worse. Lex has confirmed the dealer explained the hybrid system didn't work at all at this point. And Mrs F has confirmed the car couldn't be driven in electric mode meaning higher fuel costs. So, I find a higher amount of 30% would be reasonable to reflect things here.

I also agree with our investigator that Mrs F has suffered distress and inconvenience because of what's happened. Mrs F has explained the situation led to her being scared to drive the car, especially with her family, and this has had an impact on her mental health. She's had to take time out to arrange a repair which failed. I think it must have been upsetting to be handed back a non-fully functional car and told to await a repair for several months. And I think stress has been caused by Lex declining the right to reject which Mrs F had and exercised. I've also considered that the issues took place, at the minimum, over a period between February 2023 and December 2024, which is not far off two years.

Our service's approach to payments for distress and inconvenience can be found on our website. Bearing this in mind, I'm satisfied Mrs F has been caused considerable distress over many months. I think a higher amount than recommended by our investigator of £600 should be paid to reflect this.

I gave both parties two weeks to come back with any further comments or evidence.

Lex said after reviewing things it would accept the decision.

Mrs F responded with a point for me to consider.

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.

Mrs F said in response to my provisional decision that she would accept the outcome I recommended on the condition that Lex didn't charge her for a *"small dent"* on the rear of the car. She explained this occurred when parking, due to the parking sensors not working at the time.

I’ve thought about this, but I don’t think it would be right to instruct Lex to take any action here.

I say this, firstly, as Lex hasn’t charged, or not charged, Mrs L for this yet, so this specific point doesn’t form part of the complaint. Secondly, I also don’t know the extent of the damage, nor what Lex, if anything, would charge for it.

So, I need to be very clear that I am not making a finding on this specific point. But, that being said, I would politely ask Lex to consider this when the car is returned and to make sure it treats Mrs F fairly and reasonably. And it should bear in mind that I don’t think it’s in dispute that the parking sensors weren’t working at points due to the issues with the car.

I’ve thought about all of the other information on the complaint again. Having done so, I still think what I set out in my provisional decision is fair and reasonable.

My final decision

My final decision is that I uphold this complaint. I instruct Lex Autolease Ltd trading as Lex Autolease to put things right by doing the following:

- end the finance agreement ensuring Mrs F is not liable for monthly rentals after the point of collection (it should refund them any overpayment for these if applicable);
- take the car back (if that has not been done already) without charging for collection;
- reimburse Mrs F a pro rata amount of the initial £2,500 rental to reflect the unused amount for the period from when the car is collected*;
- reimburse Mrs F 15% of the monthly rentals for the period from 2 February 2023 to 14 February 2024*;
- reimburse Mrs F 30% of the monthly rentals for the period from 1 May 2024 to the date the car was returned to her following the second repair*;
- pay Mrs F £600 to reflect the distress and inconvenience caused, and;
- remove any adverse information about the credit agreement from Mrs F’s credit file if applicable

*These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Lex considers that it’s required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mrs F how much it’s taken off. It should also give Mrs F a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs F to accept or reject my decision before 29 August 2025.

John Bower
Ombudsman