

The complaint

Ms T complains about the way Lex Autolease Ltd (“Lex Autolease”) extended her hire agreement.

What happened

In March 2021 Ms T acquired a car financed through a hire agreement with Lex Autolease. The hire period was for 48 months and due to end in March 2025. In December 2024 she renewed the lease. She said she expected the new payments to start after her initial lease expired. But she said Lex Autolease started the new, higher payments in January. Ms T raised a complaint. She said when she extended the lease there was no mention the new payment would start straight away. She also said the mileage rate was too high.

In its final response Lex Autolease said Ms T made the amendment online. It said the new contract amendment would take place from 1 January 2025 and Ms T was given the option to decline the amendment. It did not uphold the complaint so Ms T brought it to this service.

Our investigator concluded Ms T wasn’t provided with information that was clear, prominent, and without room for misunderstanding so recommended Lex Autolease do more to resolve the complaint.

Ms T accepted the investigator’s view. Lex Autolease asked for a decision from an ombudsman. It disputed that the information given to Ms T during the process wasn’t clear and provided some additional remarks to which I have responded below where appropriate.

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.

Having done so I agree with the conclusions reached by the investigator for the reasons I’ve outlined below.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator’s rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Ms T’s hire agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Lex Autolease told this service:

“On 22 November 2024, the customer processed a quote via our online customer portal, Manage My Vehicle, to formally extend her contract from 48 months to 60 months. The quote generated confirms the details entered by the customer, in this case taking the rental from £247.43 including VAT to £282.08 including VAT and the term from 48 months to 60 months, mileage of 5,000 per annum. It also confirms that the new contract would be effective from 1 January 2025.”

Ms T accepted the quote online with no intervention from any colleagues at Lex Autolease and the new payment was scheduled for January 2025.”

Ms T has said she received an email late in 2024 to remind her the lease was ending in the following March and she followed the link in the email to the portal to extend the period of hire. Neither party were able to provide a copy of the email but both accept it was sent and delivered. As Ms T signed a 48 month agreement and was clearly wanting to extend this I think a reasonable person would expect that extension to begin at the expiry of the original agreement term. I think this expectation is further confirmed because the email is a reminder that her hire period is ending and presents her options and also because the payments increased.

In order for consumers to be able to make informed decisions financial businesses are required to present information in a way they can understand. This means making sure key information is clear, up front, and presented simply.

Lex Autolease provided screenshots of the portal screen that Ms T would have seen when making the amendments. On examination I can see that all the relevant information is presented on the screen. But I'm not persuaded it is presented clearly. The rental payment figures are in bold and it's clear that the new payment is higher than the old payment. But the "effective date of amendment" is not in bold and surrounded by other numbers relating to the contract. The font overall is quite small, especially considering the size of the page and boxes that form the table of numbers.

It's not clear to me why a consumer would willingly elect to extend the contract before the end date if it means the payments go up. So it does seem odd to me that the system allowed Ms T to extend from January and not April. And having allowed Ms T to do this there is nothing to alert her to the fact she is agreeing to extend before the term is up and is therefore paying more than she needs to, which I think it reasonable to expect. So I don't think the information was presented in a clear way which allowed Ms T to easily see the consequences of extending from January.

In response to our investigator's view Lex Autolease said:

“Had Ms T not completed the extension until the 48th month of her contract, this would have then meant her increasing the contractual mileage from 20,000-25,000 over 12 months rather than 15 months. Whilst I cannot now backdate the quote, this would likely to have increased the payments for the remaining 12 months.”

Lex Autolease hasn't explained how Ms T would have known this, which reinforces my point above that the consequences of her choices were not outlined clearly.

It also said:

“We have a duty to make customers aware of their options prior to their contract ending. Our Customers have the option to make enquiries via our portal, if there are any concerns our customers have they can also contact our Customer Services team for confirmation of the options.”

This is not in dispute. But Ms T didn't have a concern at the time because she thought, reasonably so, that the new hire term would be an extension of her old hire term and not overlap. And I'm persuaded the information wasn't presented in a clear way.

Lex Autolease disagreed that the information provided to Ms T during the process isn't clear. It said the new term shows as 15 months with payments starting 1 January 2025. It said if

Ms T was expecting the new term to be an additional 12 months rather than 15 months it felt this could have been queried with it prior to her accepting the quote. As I said above I believe a reasonable expectation is the new hire period would extend the old hire period and not overlap it, especially as the payments were higher.

I'm persuaded the information wasn't presented in a clear way which prevented Ms T from explicitly seeing the consequences of her choice and I think Lex Autolease must put things right.

Ms T also queried the 5,000 miles per annum allowance. Lex Autolease has explained that the minimum mileage allowance per annum is 5,000 so the contract being extended to a total contractual mileage of 25,000 was the standard requirement. So I don't think Lex Autolease needs to change that.

Putting things right

To put things right Lex Autolease must:

- Refund the difference between the original monthly payments and the increased monthly payments for the three-month period;
- Pay 8% simple interest on the refunded amounts.

My final decision

My final decision is I uphold this complaint and Lex Autolease Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 27 October 2025.

Maxine Sutton
Ombudsman