

The complaint

Mrs P complains about end of term charges she was asked to pay by LeasePlan UK Limited, trading as Leaseplan.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs P took receipt of a new car in February 2020. She financed the deal through a four-year hire agreement with LeasePlan. She returned the car in February 2024 and LeasePlan sent her a bill to refurbish damage on the car and for excess mileage. Mrs P doesn't dispute those charges, but she does dispute a charge of £3,150.06 that she was subsequently asked to pay in respect of payments still due after a payment holiday.

LeasePlan didn't think they'd made a mistake about those charges. They explained that they were pushed to the end of the agreement when the payment holiday was agreed with Mrs P.

Mrs P referred her complaint to this service and our investigator provided her opinion. She thought there was evidence of a six-month payment holiday and that those payments hadn't been paid by Mrs P. She thought it was fair for LeasePlan to request payment, but she thought there had been delays telling Mrs P about the arrears. She said the evidence suggested that Mrs P hadn't been told of the arrears until about January 2025, almost a year after the car had been returned. In those circumstances, she thought LeasePlan should pay Mrs P £150 in compensation.

Mrs P didn't think that was sufficient, so she asked for a decision by an ombudsman.

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 P, but I'm not upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

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.

Mrs P acquired her car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

LeasePlan haven't been able to provide copies of the formal payment break confirmations because they have migrated to a new system and because it's been about six years since they were agreed. I am persuaded that payment holidays totalling six months were most likely to be in place because:

- Mrs P hasn't sought to argue that an arrangement may have been agreed.
- LeasePlan's system notes show that to have been the case. They explain that two payment holiday periods of six months in total were agreed and that covered May to October 2020 (inclusive).
- The statement of account shows that no payments were received during those periods.
- I've listened to a phone call from August 2020 when those payment holidays were discussed.

I think Mrs P should have been aware that the payments covered by the payment holidays had been moved to the end of the agreement. I say that because LeasePlan's system notes show that an agent called Mrs P in August 2020 to explain that would be the case, and to offer her an option to spread three of those monthly payments evenly over the last months of the agreement, although Mrs P rejected that offer.

So, I'm persuaded that a six-month payment holiday was agreed and that Mrs P should have known the deferred payments would be due at the end of the agreement.

It's only fair that Mrs P makes the payments that are due under the agreement, so I don't think LeasePlan have been unreasonable to demand payment. The credit agreement allowed them to refer the debt to a third party so I don't find the involvement of debt collection agents unusual.

But I don't have sufficient evidence to suggest Mrs P was told of the debt until about January 2025, almost a year after the agreement was terminated. I think that would have caused Mrs P some distress and inconvenience. She's explained that it's made her anxious and that she's struggled sleeping and I think if they had provided clearer information more readily it would have prevented Mrs P from having to refer her complaint to this service. But as I don't find the debt unsubstantiated, I think £150 is sufficient compensation in the circumstances to cover the distress and inconvenience caused.

If Mrs P is having difficulty paying the outstanding bill I would expect LeasePlan to be sympathetic and supportive and to consider a repayment plan.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell LeasePlan to pay Mrs P £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 29 September 2025.

Phillip McMahon
Ombudsman