

The complaint

Mr H complains Lex Autolease Ltd wouldn't arrange the vehicle excise duty ('tax') on his car before the annual renewal date under a hire agreement.

What happened

Around November 2021 Mr H took a hire agreement with Lex to acquire a new electric car. The agreement was taken over four years.

Mr H says he later contacted Lex around March 2025 and asked it to tax the car before 1 April 2025 as there was a change in government legislation due to affect tax on electric cars. He says Lex refused to do this which left him out of pocket.

Mr H complained, and Lex issued a final response at the end of April 2025. This said, in summary, that it was required to comply with the spirit as well as the letter of tax law. It said it was responsible for the taxation of the car, and it didn't think it had done anything wrong.

Mr H remained unhappy and referred the complaint to our service. He said Lex could arrange to tax the car at any time and what happened wasn't fair.

Lex responded to our service and explained it had made a business decision to ensure it was compliant with the road fund licence for electric cars that was introduced on 1 April 2025. It said the guidance it needed to follow meant it was prevented from renewing the tax early.

Our investigator issued a view and didn't uphold the complaint. In summary, he said the terms and conditions of the account allowed Lex to pay the tax on the car and he didn't think it did anything wrong by not doing this prior to 1 April 2025.

Mr H didn't agree. He said if he was the owner of the car, he could've taxed it in advance of the rule change coming in and avoided the cost.

Our investigator explained this didn't change his opinion.

Mr H still disagreed. He mentioned the Financial Conduct Authority's ('FCA's) Consumer Duty rules and said Lex had gone against these. He said "*pre-taxing*" was an option to renew the tax prior to 1 April 2025.

Lex also confirmed that the tax was due at the start of November 2025. It said it would tax the car at this point, and would charge Mr H. It said it would reimburse him for any unused portion once the car was returned.

Our investigator then issued a further view and explained, in summary, that he didn't think the Consumer Duty affected the complaint. And he explained given the tax was due to be paid only very shortly before the agreement ended, Mr H wouldn't be financially affected.

Mr H disagreed. He said Lex failed to act in good faith and had caused him foreseeable harm.

As Mr H disagreed, the complaint has been passed to me to decide.

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 don't think this complaint should be upheld. I'll explain why.

I think there are two main points to consider here. I'll firstly decide if Lex is acting in line with its terms and conditions. And I'll then consider if I think it has acted fairly and reasonably.

I've seen a copy of the terms and conditions for the agreement. These state:

"We will pay the cost of the annual vehicle excise duty required by law for the Vehicle"

The terms explain if:

"any other tax is imposed that results in the duty being more than is due at the hiring start date, you must reimburse us the difference on demand."

Lex has explained it intends to tax the car in November 2025 when it is annually due and charge Mr H for any pro rata period he has the car following this. I'm satisfied this is in line with the terms and conditions.

I've then considered what would be fair and reasonable. I've carefully thought about both sides here. And I do understand Mr H's point. But the tax is due to be paid on the car. I don't think under the specific circumstances of this complaint that Lex has acted unreasonably by, essentially, not helping Mr H avoid this tax.

I want to reassure Mr H that I've carefully considered what the FCA sets out in the Consumer Duty and everything he said about this. But this doesn't change my opinion about the above.

It's worth noting that I'm also not as confident as Mr H that Lex simply could've done as he wished here, even if it decided to. But ultimately this doesn't affect my decision, so I don't need to make any further findings on this point.

Finally, because of the dates involved here, the amount Mr H will likely end up paying is very minimal. So, I can't see he is at any significant loss in any event, even if I thought differently.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 November 2025.

John Bower
Ombudsman