

The complaint

Mr J complains that Ald Automotive Limited (“Ald”) is holding him liable for a Road Fund Licence charge.

What happened

In 2021, Mr J enquired with a credit broker I’ll call ‘N’ about taking a car on hire. Because of worldwide events, the production of the car was delayed until late 2022.

N e-mailed Mr J in September 2022 to tell him the car was expected to be received by their supplier next month. This e-mail explained the P11d value for the car was £38,600.

In October 2022, N sent Mr J a Confirmation of Order form which he says he signed on the understanding the P11d value hadn’t changed. Mr J agreed to enter a hire agreement with Ald, arranged by N, on the same understanding.

Mr J complained to Ald in 2023 as they were holding him liable for a £415 Road Fund Licence charge. Ald sent their final response to Mr J about this saying the charge was valid as the P11d value of the car had increased past £40,000 and as such, the Road Fund Licence had gone into a higher bracket of road tax. Ald agreed to refund £390 of this charge to Mr J as a gesture of goodwill but said they would hold him liable for the additional rate of tax going forward.

In September 2024, Mr J says Ald sent him an invoice for £445 for the renewal of the Road Fund Licence. Mr J contacted Ald to say that £410 of this shouldn’t be charged to him as there was no legal basis for them to do so. Mr J also told Ald that his hire agreement stated that Road Fund Licence is included for the duration of the agreement, and that he hadn’t been told the P11d value of the car had increased beyond £40,000 when he signed the order for the car and the hire agreement.

Ald proceeded to take the £445 from Mr J, and he complained to them. Ald didn’t uphold the complaint. They said they’d told Mr J he would be liable for the additional rate of tax in their final response to his previous complaint.

Mr J referred his complaint to us. Our investigator didn’t recommend that it should be upheld. In summary, he felt Ald were entitled to hold Mr J liable for the charge.

Mr J didn’t agree and so his 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.

I’ve summarised the events of the complaint rather than go into detail. I don’t intend any discourtesy by this – it simply reflects the informal nature of our service. I’m required to decide cases quickly and with minimum formality. But I want to assure Mr J and Ald that I’ve considered all the evidence and submissions they’ve provided. I will though be mainly

commenting on what I see are the key issues, which our powers allow me to do.

In deciding this complaint, I've taken into account the law, any relevant regulatory rules and good industry practice at the time.

Mr J's complaint relates to charges due under a regulated hire agreement, which we are able to consider complaints about.

Having carefully considered matters, I've not been persuaded to uphold Mr J's complaint. I'll explain why.

This dispute has mainly arisen because the list price of the car increased from £38,600 to over £40,000 when it was first registered.

The gov.uk website on vehicle tax rates provide the details on vehicle tax rates for the tax year 2024/2025. There's a section regarding vehicles which were registered on or after 1 April 2017 and would have cost more than £40,000 at the time of acquisition. It states:

“Vehicles with a list price of more than £40,000

You have to pay an extra £410 a year if you have a car or motorhome with a 'list price' of more than £40,000. You do not have to pay this if you have a zero emissions vehicle.

The list price is the published price of the vehicle before it's registered for the first time. It's the price before any discounts are applied

You only have to pay this rate for 5 years (from the second time the vehicle is taxed).”

Bearing in mind the above, and as I've not seen any evidence that shows the list price of the vehicle Mr J acquired under hire was under £40,000 when it was registered, I'm satisfied the car does attract the additional payment Ald has passed on to Mr J.

I've noted that N told Mr J, and that Ald didn't say otherwise, the list price of the car was estimated to be less than £40,000. So, when Ald agreed the terms of the hire agreement with Mr J, it seems to me that Ald didn't expect the car to attract the additional charge that's now in dispute. As such, this charge wasn't factored into the monthly rentals that Mr J would pay.

I've also considered section 12 of Mr J's hire agreement which is entitled '**Variation**'.

Section 12.1 says:

“We may, acting reasonably, vary at any time and by giving not less than 30 days written notice to you, the payment and charges specified in the Schedule and Pre-Contract Information, solely to the extent necessary in response to a change in or removal of, or to take account of any reasonably anticipated change in or removal of:

b. Any change in the rate, incidence, application or method of calculation or charging of:

i. Vehicle Excise Duty (Road Fund Licence)....!”

As the cost of the additional Road Fund Licence means the amount payable is higher than what was estimated and what was included in the monthly rentals, I'm satisfied the terms and conditions of the hire agreement allow Ald to recover the additional cost from Mr J.

I've next considered whether Ald should have told Mr J of the additional charge sooner than they did, whether they can be held liable for N's representations about this charge, and whether any of this would have made a difference to him entering and continuing with the hire agreement.

N was acting as a credit broker in respect of this transaction. So, I've considered whether N had Ald's actual authority to conduct credit broking activities on its behalf. Under common law principles of agency, an agent is said to have actual authority when what it does is authorised by its principal, whether expressly or impliedly. In either case, a finding of actual authority reflects an agreement between the parties.

I've considered whether there was any agreement between N and Ald for N to act as Ald's agent and, if so, whether the activity that N carried out in Mr J's case came within the activities Ald had agreed N could carry out on its behalf. I have though seen no evidence of any agreement existing between N and Ald in which Ald gave N authority to act as its legal agent in any capacity.

I've also considered whether N had apparent authority to carry out the activities it did on behalf of Ald. Under common law principles of agency, the essence of apparent authority is not concerned with what was actually agreed between the parties, but rather, how the relationship between those parties appeared to third parties. So, I've considered whether Ald either knowingly – or even unwittingly - led Mr J to believe N was authorised to act on its behalf in relation to the activity of credit broking, and that Mr J relied on this representation. However, I haven't seen enough evidence that either of those things occurred.

All told, I'm unable to hold Ald responsible for any misrepresentations made by N about the Road Fund Licence. This would include, for example, that N was aware of the change in list price and then didn't pass that information on to Ald. I find in the circumstances, N weren't acting as agents of Ald when they conducted the negotiations with Mr J.

I've next considered Ald's actions. It's possible that Ald became aware of the increased charge at the time the car was first registered, and I don't discount the possibility that Mr J would have decided against proceeding with the agreement if he'd been told about the additional amount he'd have to pay on or around when he took delivery of the car.

However, I'm required to consider what I think is more likely than not to have happened, in light of the available circumstances. In doing so, I need to weigh up Mr J's current submissions, which have been made with the benefit of hindsight and in support of a complaint, against the fact that Mr J had chosen the car in question and clearly wanted it as he had waited some time for it to arrive from when he first enquired about it.

Furthermore, the list price of the car was determined by the manufacturer and not Ald. As I've set out above in the extract from the gov.uk website, the need to pay the additional tax was dependent on the manufacturer's published list price being over £40,000 before any discounts or deals were applied. So, I'm satisfied the additional charge will have been due on this car irrespective of where the car was acquired from. And so, Mr J will have had to pay the additional charge to drive the particular make and model of car he has, regardless of where he sourced it from.

Bearing all of this in mind, I accept that Mr J is unlikely to have been aware of the additional charge he now needs to pay at the time he ordered the car. I also understand how disappointing it will have been for Mr J to find out he'd have to pay more. However, I'm not persuaded it is more likely than not he would have decided against taking delivery of the car and decided against entering the agreement had he been told about the change in the manufacturer's list price, or the effect this would have on the Road Fund Licence cost he'd

had to pay, when the car was delivered to him. In my view, given he wanted the car and the only way to acquire it was by agreeing to pay the additional Road Fund Licence, I think he more likely than not would have agreed to do so and gone ahead with the agreement. I appreciate though that Mr J may not agree with my conclusion.

Overall, and having considered all the evidence, while I can appreciate why Mr J is unhappy, I'm not upholding this complaint. I realise this will be very disappointing for Mr J. But I hope he'll understand my reasons.

My final decision

For the reasons I've given above, I don't uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 4 December 2025.

Daniel Picken
Ombudsman