

The complaint

Mrs R complains that Lex Autolease Ltd (Lex) unfairly charged her for excess mileage at the end of her agreement despite having told her it wouldn't do so. She would like the excess mileage charge waived.

What happened

Mrs R says she took out a Hire Purchase Agreement in 2019 for a car with an initial hire period of 36 months and an annual 10000 mileage allowance. This was with a company, but the agreement was later transferred to Lex although she says she wasn't advised of this.

She says at the end of the initial hire period Lex contacted her about leasing a new vehicle, but she says its suited her too keep her original lease on an unofficial extension. She says at that time her monthly payments increased. However she was constantly told that when she eventually took on a new vehicle any excess mileage charges would be waived.

However when her informal lease period ended she was charged for excess miles and although Lex reduced this sum by half she still feels she shouldn't have to pay the balance.

Lex said the provisions for excess mileage were clearly outlined in the agreement Mrs R signed and it correctly charged her for excess miles – albeit reducing this sum by half – when her agreement ended.

Our investigator didn't uphold Mrs R's complaint. He found that Lex had correctly charged for excess miles as per the agreement Mrs R signed. He asked Lex for copies of the phone calls Mrs R said she had with Lex in relation to excess mileage but it was unable to evidence such calls.

Lex accepted this view but Mrs R didn't. She felt Lex hadn't acted fairly or transparently, it didn't contact her at the end of her hire period, didn't acknowledge verbal assurances that the excess mileage 'wouldn't count', allowed overcharging with no contact for three years and provided no notes or internal audit trail.

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 appreciate Mrs R's concern at receiving a substantial bill for excess mileage when she ended her agreement with Lex. I think there are two issues here. Firstly did Lex correctly charge excess mileage and secondly its contact with Mrs R.

However before I look at those two point I should clarify that although a third party was involved in the initial agreement Mrs R signed I have seen that agreement and it was between her and Lex. The agreement didn't change over to Lex as Mrs R believes.

As I understand at the end of Mrs R's initial hire agreement it suited her to continue with the agreement on an unofficial basis with an increased rental. On her complaint form she told us Lex did advise her that this was an expensive option. However she says she was told that when she chose to take out lease a new vehicle any excess mileage would be waived.

In Mrs R's complaint to Lex it seems she felt the increased rental payments covered any excess mileage although in her complaint form to us she stated that her 'excessive payments' would offset any excess mileage. I am not sure if Mrs R means the total she paid over the whole time she had the car or the increased monthly payments when she continued her agreement on an unofficial basis. However I think the main issue here is that Mrs R understood that, at the point the agreement went into an unofficial extension, she wouldn't need to pay excess mileage.

Mrs R told us she received multiple calls from Lex to try to persuade her to take out a new agreement for a new vehicle. I might be persuaded that one person wrongly advised her that excess mileage would be waived but as its likely she spoke to different people I am less persuaded she would have constantly been told this was the case as I think its unlikely Lex would have offered to waive all excess mileage. I have also seen no evidence that at the point of sale Mrs R was advised if she continued the hire beyond the original 36 months that excess charges wouldn't apply.

Given Mrs R continued her agreement for a further 3 years at a higher monthly rental I am surprised she didn't ask for confirmation in writing that any excess mileage would be waived. Or that she can't provide email correspondence from herself asking for such confirmation. I would have expected her to have wanted some evidence to confirm what she felt the agreement was for excess mileage at the end of her informal extension but she hasn't provided any.

Mrs R asked us to listen to phone calls with Lex but, based on the phone numbers and dates she provided, Lex were unable to find any evidence of any calls for me to listen to.

I have seen the agreement Mrs R first signed. This states the hire period would continue on the terms set out in the agreement after the Minimum Period of 36 months expired until Lex collected the Vehicle. This period being known as an informal Extension Period. The agreement also states that if the agreement continued on an informal basis the terms remain the same as her original agreement other than her monthly rental payments increased.

Given the original agreement stated she would need to pay for excess mileage over her agreed mileage it is clear to me that this provision continued during her informal extension.

I have also noted that her original agreement allowed for her to request a change in the minimum term, or contract mileage any time during the last six months of the minimum term.

Mrs R must have been aware of this as Lex's online portal shows in March 2022 it generated a quote to extend the contract by 54 months with mileage of 50,000 and a further quote in April for an extension to 54 months with a mileage of 45000.

Based on all the information I have seen I have no evidence that Mrs R was told that she wouldn't incur excess mileage charges when she finally ended her agreement or that the total amount of monthly payments and/or the increase in the monthly payments would cover any excess mileage charges. On this basis I can't reasonably say Lex were wrong to apply the charges that it did,

I have then gone on to consider if Lex acted appropriately over the period of time Mrs R had her agreement . We asked it for copies of customer contact notes and what correspondence it would usually send when agreements enter into an unofficial extension.

I am surprised it hasn't been able to provide any customer contact notes particularly as it has told us it sends out communications after customers have had an informal extension for 6, 12 and 24 months to ensure customers are happy with the arrangement and make them aware of other options. Although it has pointed out that due to the time that has elapsed it may no longer have such records. As it can't evidence it sent these communications I am not persuaded that it necessarily did as I would have expected some customer information particularly whilst Mrs R' s account was still live.

Whilst I find Lex's lack of evidence surprising I have considered if its apparent lack of contact with Mrs R disadvantaged her but I don't think it did. By her own admission on her complaint form Lex repeatedly told her the informal extension route was the expensive choice and I think it was correct to have advised her of this. I have seen no evidence Mrs R was pressurised to start or continue with an informal extension and she was of course free to end the agreement at any time.

It feels to me that the agreement suited Mrs R until she received a bill for excess mileage.

Lex hasn't given a reason as to why it reduced that payment by half but I think that is sufficient redress for any failing in communication on its part

My final decision

My final decision is that I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 13 January 2026.

Bridget Makins
Ombudsman