

The complaint

Mr A complains that Black Horse Limited trading as Jaguar Financial Services (Jaguar) didn't explain his right to voluntarily terminate a hire purchase agreement, and that it applied an excess mileage charge when the agreement came to an end.

What happened

In February 2020, Mr A was supplied with a new car through a hire purchase agreement with Jaguar. The cash price of the car was £43,702. He paid a deposit of £3,360 and the agreement was for £40,342 over 49 months; with 48 monthly payments of around £437 and an optional final payment of £19,356. The terms of the agreement required that Mr A didn't exceed the permitted maximum mileage of 24,510, and set out a charge of 14p plus VAT per mile if this was exceeded.

The agreement came to an end in August 2024, and Mr A chose to return the car at that stage instead of making the optional final payment. After the car was returned, Jaguar wrote to Mr A setting out his final balance. It said the mileage when the car was returned was 47,681 - 23,171 miles in excess of the maximum permitted mileage. It applied a charge of £3,892.72.

Mr A made a complaint. In summary, he said that while he didn't dispute the mileage charge itself, he was unhappy to have been unexpectedly asked to pay such a significant amount, and this would cause him financial strain. He said he'd received advice that had he voluntarily terminated the agreement before the end of its term, he wouldn't have incurred an excess mileage charge. He said Jaguar didn't do enough to make this option clear to him, and if he'd been aware of his right to voluntarily terminate the agreement with no further charge he'd have taken that option. He said Jaguar's online portal was set out in such a way to encourage customers to continue making payments until the end of the agreement term – and to move them away from the option of voluntarily terminating the agreement.

Jaguar didn't agree it had made an error. It said the excess mileage charge had been applied correctly as per the agreement terms, and the agreement clearly set out Mr A's right to end it early. The complaint was referred to this service. One of our Investigators considered the complaint but didn't think Jaguar had done anything wrong. They noted that Mr A's complaint was based on the assertion that lenders couldn't apply an excess mileage charge when an agreement was voluntarily terminated – which isn't necessarily the case. They were satisfied Mr A was made reasonably aware of his right to terminate the agreement, and didn't think Jaguar's online portal needed to specifically facilitate this.

Mr A didn't agree. In summary, he said Jaguar had employed a hidden, complicated and confusing process which deterred him from exercising his statutory right to voluntarily terminate the agreement. He said Jaguar ought to present all of the end of contract options in a balanced and clear way. He also noted that he was unexpectedly required to adapt his working patterns during the Covid-19 pandemic which resulted in a higher than expected mileage. Our Investigator considered Mr A's comments but wasn't persuaded to reach a different view on the matter. So, the complaint has been passed to me to decide.

Mr A also raised a separate concern regarding a default placed on his credit file in relation to the excess mileage charge. I understand this point has now been resolved to Mr A's satisfaction and wasn't part of the complaint he asked us to consider, so I haven't considered it here.

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've reached the same overall conclusions as our Investigator, and for broadly the same reasons. I recognise I've provided a relatively brief summary of Mr A's complaint. I'd like to assure both parties that I've read and considered all of the information they've provided. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my decision on the balance of probabilities – what I think is more likely than not to have happened given the available evidence and wider circumstances.

Mr A was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

I acknowledge Mr A has referred to The Consumer Protection from Unfair Trading Regulations 2008 in his submissions to this service, as well as provisions under the Consumer Credit Act 1974 (CCA) and The Consumer Rights Act 2015 (CRA). It isn't my role to make any legal determination here, and in considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. I recognise Mr A has referred to these provisions to support his position that Jaguar is required to treat him fairly.

I'll comment on what I consider to be the key areas of complaint in turn:

The excess mileage charge

The terms of the agreement set out Mr A's liability to pay a charge if he exceeds the maximum permitted mileage over the course of the agreement. In this case, the maximum permitted mileage was 24,510 and the charge was 14p per excess mile plus VAT. It's not disputed that Mr A exceeded the maximum permitted mileage by 23,171 miles. Jaguar applied a charge for this in line with the agreement terms – and I haven't seen anything to suggest it made an error or did so unfairly. Mr A ultimately doesn't dispute this, so I don't intend to comment on it in further detail. While I note Mr A's point that some of the mileage was unexpectedly incurred during the Covid-19 pandemic, I don't think this affects Jaguar's right to apply a charge – and I haven't seen anything to suggest he made Jaguar aware of this at the time.

Mr A's right to voluntarily terminate the agreement

I think the crux of Mr A's complaint is that had he voluntarily terminated the agreement, Jaguar wouldn't have applied an excess mileage charge – and that it ought to have taken steps to highlight this option to him. While I understand the point that Mr A seeks to make here, I'm not persuaded that he's been treated unfairly and I'll explain why.

I think Mr A is referencing the fact that – in some circumstances – lenders have previously been told they cannot apply certain charges if an agreement was voluntarily terminated. But whether or not a lender has the right to apply a charge will depend on the specific and

individual circumstances – including the nature of the charge, the terms of the agreement and the relevant rules.

Mr A has asked me to make a finding on whether Jaguar would have been entitled to apply a charge if the agreement had been voluntarily terminated. But for reasons I'll go on to explain, I don't think Jaguar made an error that prevented Mr A from voluntarily terminating the agreement – so I don't think it would be beneficial to comment on whether a charge could have been applied in a different – and hypothetical – situation.

The agreement contains specific wording which Jaguar was required to include, setting out in summary that Mr A had the right to end the agreement early by writing to Jaguar. It would then be entitled to a return of the car and to half of the total amount payable under the agreement (in this case £21,851). The right to end an agreement early – and the liabilities associated with that right – are set out in sections 99 and 100 of the CCA. But, ultimately, that's not what happened here. Instead, Mr A chose to hand the car back at the end of the agreement instead of making the optional final payment.

Mr A says he wasn't made aware of his right to end the agreement early, and that by the time he was aware it was already too late to do so. I note Mr A has made reference to reaching the '50%' point of the agreement and has said that after he'd paid 50% of the balance it was too late to terminate the agreement. But that's not the case – customers can terminate an agreement early at any time before the final payment is due, and the lender will be entitled to half the total amount payable if the customer exercises that right. So, Mr A could have asked Jaguar to terminate the agreement early at any point before the final payment was due – not just before he'd paid half the total amount due.

I acknowledge that Mr A signed the agreement several years ago, and wouldn't necessarily expect him to remember all of his rights or obligations. But I also don't think Jaguar was required to remind him of the right to voluntarily terminate the agreement – and I wouldn't expect it to do so unless relevant, for example if Mr A said he no longer wanted the car and wanted to exit the agreement early.

I can see from Jaguar's system notes that Mr A got in touch in April 2021 to discuss his circumstances and ask what support it could offer – and that the option to voluntarily terminate the agreement was discussed at the time. While I appreciate this was a long time ago, Mr A has also said in his submissions that he called Jaguar to discuss the possibility of voluntary termination but couldn't get through. While I haven't seen specific evidence of these calls, I think it's fair to say Mr A was aware that he had the option to voluntarily terminate the agreement before it ended. I think if this is something he wanted to do, it's likely he'd have made further attempts to contact Jaguar about this or would have mentioned it in his calls or correspondence before the agreement ended.

Jaguar's online portal

I understand Mr A's broader concern that Jaguar's online portal is designed to discourage users from voluntarily terminating the agreement, instead directing them to make payments until voluntary termination is no longer an option.

I think it would be useful to set out my role at this stage, which is to decide a fair and reasonable outcome to individual complaints. I'm not a regulator, and my role is not to direct Jaguar to make wider changes to the way it operates – or to the systems it uses. With that said, I've considered – in the individual circumstances of Mr A's complaint – whether he's been treated fairly.

Jaguar has provided example screenshots to illustrate what Mr A would have seen when

accessing his account. This largely mirrors Mr A's description and the contents of the portal aren't in dispute – so I won't comment on them in detail. But it contains an image showing the proportion of the agreement already paid and the remaining balance to pay before the optional final payment. A separate screen sets out the end of agreement options (keep, part exchange or return the car).

I understand Mr A feels strongly that the information in the portal is misleading and designed to discourage customers from exercising their right to end the agreement early. As I've already noted, I wouldn't expect lenders to consistently remind customers that they can voluntarily terminate. The right to do so is set out in the agreement, and I think it's fair to say that if a customer wants to end the agreement early it will usually be for a specific reason – for instance if they could no longer afford the payments or no longer wanted the car. But the agreement is set up on the assumption that it will run to its conclusion. I don't think an image showing the remaining balance of the agreement affected Mr A's right to terminate the agreement early – and for the reasons I've already explained I'm satisfied he was reasonably aware of that right.

Mr A says the online portal does mention the right to voluntarily terminate the agreement – but directs customers to call Jaguar rather than write to it, contradicting the agreement terms and causing confusion. While I haven't seen specific evidence of this in the available screenshots I don't think it ultimately makes a difference here, as Mr A didn't ask to voluntarily terminate the agreement either by phone or in writing.

Finally, I note Mr A says voluntarily termination should be set out alongside the other end of contract options. But the right to voluntarily terminate the agreement is not an end of contract option – but something customers can exercise at any stage before the final payment is due.

Summary

I appreciate this will come as a significant disappointment to Mr A, but for the reasons I've explained I'm not persuaded that Jaguar's actions prevented – or unfairly dissuaded - him from voluntarily terminating the agreement. Nor do I find that it made an error or treated him unfairly by applying an excess mileage charge after the agreement came to an end. So, I don't require it to do anything further.

My final decision

My final decision is that I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 March 2026.

Stephen Billings
Ombudsman