

The complaint

Ms A is unhappy with the amount that Lex Autolease Ltd (who I'll call Lex) asked her to pay after her vehicle was deemed a total loss.

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.

Ms A took receipt of a new car in June 2022. She financed the deal through a hire agreement with Lex. When the car was stolen, she was unhappy with the shortfall that remained after the insurance payout. She said the contractual terms had been unclear and hadn't adequately explained how the capital value would be depreciated.

Lex didn't think they'd done anything wrong. They explained that the shortfall arose due to the difference in the insurer's payout and the settlement amount required to close the loan. They said to calculate that shortfall they had depreciated the original capital cost by £5,511.45 to reach a settlement quotation of £13,495.88. Once the insurance settlement of £11,573.67 was deducted it left a balance of £1,922.21 and after the £350 excess was deducted that left £1,572.21 that they said was fairly due.

Ms A referred her complaint to this service but our investigator couldn't see anything wrong with the calculations. So Ms A asked for a final decision by an ombudsman. She didn't think the contract adequately explained how the balance would be calculated and in particular she thought the method for calculating depreciation should have been set out.

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 agree with the investigator's view of this complaint and for broadly the same reasons.

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.

Ms A acquired her car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

The agreement explained that, in the event of a total loss, the finance company would calculate the net book value by reference to the original capital cost of the vehicle, including optional extras, less depreciation. While it did not set out the precise mechanics of how

depreciation would be apportioned, I'm satisfied the contract made clear that depreciation would be applied and that this would affect the balance payable. The approach Lex adopted – spreading the depreciation over the term of the agreement and applying it pro-rata to the period that had elapsed – was consistent with that contractual wording and was not unreasonable. I don't consider the firm was required to set out a more detailed depreciation methodology in the agreement, and I'm satisfied it provided a clear and adequate explanation once the loss occurred. I therefore don't find Lex acted unfairly or unreasonably and I'm not upholding this complaint.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 3 March 2026.

Phillip McMahon
Ombudsman