

The complaint

Mr T complains that LEX AUTOLEASE LIMITED ('Lex') asked him to pay a road fund charge and that they didn't give him sufficient notice of the amount or date of collection.

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.

Mr T entered into a Personal Contract Hire agreement with Lex for a car in December 2021. The agreement included provision for Vehicle Excise Duty (VED) at the estimated rate at the start of the agreement. Any increases due to changes in legislation were payable by Mr T.

In October 2025 Lex sent Mr T an invoice for £234 relating to road fund licence following a change in government legislation bringing electric vehicles into scope for VED.

Mr T disputed the charge as he said road tax was already covered by his agreement. Lex said the charge was valid under the agreement. They collected the amount by direct debit on the 27 October 2025. Mr T also complained that Lex had not provided sufficient notice of the direct debit. He said that was a breach the direct debit guarantee.

Our investigator thought that while the charge itself was due under the agreement Lex had not demonstrated that it had complied with the required notice provisions for the direct debit. She recommended compensation of £75.

Mr T was unhappy with the investigator's findings. He asked for a final decision by an ombudsman.

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, 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.

The agreement allowed Lex to pass on increases in vehicle excise duty arising from changes in legislation, so I'm persuaded that the charge of £234 was validly applied to Mr T.

The Direct Debit Guarantee requires a business to give advanced notice of the amount to be collected and the date on which it will be taken, typically at least 10 working days unless a shorter period has been agreed. It also requires that any changes to the amount or timing of the payment are clearly communicated in advance, so the customer has the opportunity to manage their account. While Lex has said that notification was issued, it has not been able to provide sufficient evidence to show that this was sent to or received by Mr T within the required timeframe. In the absence of this evidence, I am not persuaded Lex met the requirements of the Direct Debit Guarantee.

In those circumstances, I don't think it fair to require Lex to refund the underlying charge, as that was properly due under contract, but I do consider that its failure to demonstrate compliance with the Direct Debit Guarantee amounts to a service failing.

Mr T has had to spend time and effort pursuing this issue, but I also take into account that the charge itself was properly due and there is no evidence of financial hardship or lasting impact. Taking everything into account, I think £75 compensation for the distress and inconvenience caused is fair.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell LEX AUTOLEASE LIMITED to pay Mr T £75 to compensate him for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 May 2026.

Phillip McMahon
Ombudsman