

## complaint

Mr W complains that the rental agreement he signed to extend a lease for a vehicle with Lex Autolease Ltd is void as it isn't in the correct name. He says this means that any early termination charges shouldn't be applied.

The complaint was brought on Mr W's behalf by his wife, Mrs W but for ease of reference I'm going to refer only to Mr W as he was the party to the agreement with Lex Autolease Ltd.

## background

In January 2014 Mr W entered into a four year contract hire agreement for a vehicle. This was not a business rental agreement but a personal one and the agreement was in the name of "*Mr W trading as Company 1*".

In June 2016 Mr W requested that the trading name was amended on the agreement to "Company 2 Ltd". Lex Autolease informed Mr W this change wasn't possible as the lease was personal rather than a business account and so only "*trading as*" would be acceptable. Mr W asked Lex Autolease to amend the name to "*trading as Company 2*" and this amendment was made so that the name on the agreement was shown as "*Company 2 trading as Company 2*".

In August 2017 Mr W requested that the rental agreement for the car be extended for a further six months. He signed the modifying agreement which was in the name "*Company 2 trading as Company 2*".

In October 2017 Lex Autolease says Mr W requested that the rental agreement name should be changed back to his sole name from Company 2.

One month into the extended period Mr W requested that the rental agreement was terminated leaving five months left to run on the lease. Lex Autolease sent Mr W an invoice for 50% of the remaining rental due under the agreement in keeping with the terms and conditions.

Mr W complained about the charges and said the agreement was null and void as it wasn't in the correct name. Lex Autolease didn't uphold Mr W's complaint. It said that the early termination charges were valid.

Mr W disagreed with Lex Autolease's decision and complained to this service. Our investigator didn't recommend that his complaint should be upheld. She said that the question of whether a contract was enforceable was a matter for the courts to decide and that this service, when dealing with complaints, took into account what was fair and reasonable in reaching a decision.

Here, Mr W had signed both the original lease and the agreement extending the lease's term, all the name changes had been at his request and he'd also had full use of the vehicle. Our investigator said it was fair that he pay for the early termination charges which had been fully set out in the both of these agreements.

Mr W disagreed with our investigator's view. He says the original agreement was in a name linked to his business which was then modified to be in the name of Company 2. Mr W says he should have signed a transfer of contract to the other company name before the modifying agreement was signed. As this wasn't done the agreement wasn't valid.

As the parties weren't able to agree the complaint has been passed to me.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr W says that the agreement modifying the original lease by extending it for six months is null and void as it isn't in the correct name. He says he should have signed a formal transfer agreement to put the lease into another name before the extension was signed. But it's not in my remit to make decisions as to whether contracts are legally enforceable – that would be for a court to decide. My role is to make fair decisions and while this does include taking into account of what the law says I'm not bound by it in reaching what I feel is a fair and reasonable decision.

Mr W entered into a four year lease which was a consumer or sole trader agreement and not a "business" agreement. This agreement was in Mr W's name. In June 2016 Mr W requested, via his wife who was authorised to make such changes on the account, to amend the name from Mr W to "Company 2 Limited". It was explained to Mr W by Lex Autolease that as this was a sole trader agreement this couldn't be agreed. So a compromise was reached in changing the name to "*Company 2 trading as Company 2*". Mr W also provided a new signed direct debit mandate to take effect after the name change.

Mr W decided he wished to extend the vehicle's lease for a further six months and the modifying agreement was drawn up and signed by Mr W in August 2017. I've seen this was modifying agreement was in the name of "*Company 2 trading as Company 2*". I'm satisfied it was Mr W's intention at that time to continue to have use of that vehicle beyond the original end date of the rental agreement. And that by signing the modification agreement he was happy to be continued to be bound by the rental agreement's terms and conditions. One of the terms and conditions of the rental agreement was that if the agreement was terminated before the end date then Mr W would be liable for 50% of the outstanding rental payments.

I've seen that following the extension to the lease period there was another request to amend the name on the agreement, this time to Mr W's sole name and this was done by Lex Autolease a few days later. The invoice sent by Lex Autolease to Mr W for the outstanding rental payments was in his name.

So looking at the evidence I'm not upholding Mr W's complaint as I don't think it would be reasonable or fair to say he should not now be bound by the terms of the lease agreement due to a potential issue with the name that appeared on the modifying agreement when he himself had asked for that change. Mr W had also signed both the original agreement and the extension which shows he was happy to abide to the terms and conditions.

### **my final decision**

So for the reasons given above I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 July 2020.

Jocelyn Griffith  
**ombudsman**