

complaint

Mr S complains that LeasePlan UK Limited didn't provide him with the registration document for a car that he paid for using a loan agreement and about its administration errors.

background

Mr S signed a loan agreement with LeasePlan in September under which it lent him the money to pay for a car under an employee car ownership scheme. He received the car in January 2019 but LeasePlan didn't provide him with the V5 registration document. He complained to it about that – and some administrative issues. It allowed him to return the car and end the loan agreement in May 2019. But he complained to this service and said that he should also receive some financial compensation.

The adjudicator recommended that this complaint should be upheld. She was satisfied that there was conflicting information between the terms of the loan agreement and what actually took place regarding the registration document and that there were administration flaws relating to documentation and Mr S's direct debit. She said that that would have caused distress and inconvenience to Mr S and she recommended that it should pay him £250 compensation.

LeasePlan accepted that recommendation but Mr S said that he should receive more compensation, a refund of the payments that he made under the agreement for maintenance and ancillary services and a pro-rata refund of his monthly payment for May 2019. The adjudicator didn't agree that the amount of compensation should be increased but agreed that he should be given a refund for the maintenance payments and a partial refund of his May 2019 payment.

LeasePlan has asked for this complaint to be considered by an ombudsman. It says, in summary, that Mr S used the car to drive 4,098 miles so there was wear to the tyres and serviceable fluids were used together with all of the mechanical parts that are covered under the maintenance plan – so it disagrees that he should be refunded for his maintenance payments. It also says that it understands that Mr S has been reimbursed by his employer for the pro-rata May payment and that he's receiving a monthly cash allowance for his new car from his employer.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr S and to LeasePlan on 23 April 2020. In my provisional decision I said as follows:

"It's clearly standard practice for car's bought under this employee ownership scheme for LeasePlan to keep the registration document and it has agreed that with Mr S's employer. But I'm not persuaded that that was properly explained to Mr S before he signed the agreement and it's not consistent with the terms of the loan agreement. There have also been other administrative errors by LeasePlan in its dealings with Mr S which have been described by the adjudicator. That will have caused him distress and inconvenience and I agree with the adjudicator that it would be fair and reasonable for it to pay him £250 to compensate him for that distress and inconvenience. LeasePlan has agreed to make that payment and I'm not persuaded that a higher award of compensation is justified in these circumstances."

LeasePlan allowed Mr S to return the car and end the loan agreement after less than five months. He made monthly payments under the agreement for the car which included maintenance and ancillary services. He had use of the car for that period and was able to drive the car for 4,098 miles. Although there was no need for him to have the car repaired or serviced during that period, he did benefit from the protection and assurance that the maintenance cover provided him. So I'm not persuaded that it would be fair or reasonable for me to require LeasePlan to refund to him the amount that he paid for the maintenance cover for the period when he had the car.

Mr S made a full payment under the agreement for May 2019 but returned the car part way through that month. LeasePlan says that it understands that Mr S has been reimbursed by his employer pro-rata for the May 2019 payment. But I've seen no evidence to show that Mr S has received such a refund. I find that it would be fair and reasonable for LeasePlan to refund to Mr S a pro rata amount of his May 2019 payment for the period from when he returned the car until the end of that month.

So I find that it would be fair and reasonable for LeasePlan to pay to Mr S the £250 that it's agreed to pay him as compensation for the distress and inconvenience that he's been caused and to make a pro-rata refund to him for his May 2019 payment. But I find that it wouldn't be fair or reasonable in these circumstances for me to require it to take any other action in response to his complaint".

So subject to any further representations by Mr S or LeasePlan, my provisional decision was that I was minded to uphold this complaint in part.

LeasePlan says that it has issued a credit and paid the compensation to Mr S. He has responded to my provisional decision in detail and says, in summary – and amongst other things, that:

- he wouldn't have signed the agreement or taken delivery of the car if he'd been told that he wouldn't be the legal owner and registered keeper of it;
- the car was new so any fault arising, and roadside recovery, was provided by the manufacturer as part of its standard warranty so none of the maintenance payment was spent by LeasePlan;
- the maintenance charge wasn't utilised or required during the five months that he had the car and he feels that it's fully justified that he has a full refund of the maintenance costs, which would equate to £384.85;
- he feels that £250 is a relatively low amount for the distress and inconvenience caused; and
- at the very least the adjudicator's recommendation should be re-instated.

my findings

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'm not persuaded that I should change my provisional decision.

For the reasons set out in my provisional decision, I'm not persuaded that it would be fair or reasonable for me to require LeasePlan to refund to Mr S the amount that he paid for the maintenance cover for the period when he had the car.

I find that it would be fair and reasonable for LeasePlan to refund to Mr S a pro rata amount of his May 2019 payment for the period from when he returned the car until the end of that month – and LeasePlan says that it's issued a credit to him.

Mr S has been caused distress and inconvenience as a result of his dealings with LeasePlan and I find that it would be fair and reasonable for it to pay him £250 to compensate him for that distress and inconvenience. LeasePlan says that it's paid that compensation to Mr S and I'm not persuaded that a higher award of compensation is justified in these circumstances.

my decision

For the reasons set out above, my decision is that I uphold Mr S's complaint in part and I order LeasePlan UK Limited, if it hasn't already done so, to:

1. Pay £250 to Mr S to compensate him for the distress and inconvenience that he's been caused.
2. Refund to Mr S a pro rata amount of his May 2019 payment for the period from when he returned the car until the end of that month.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 July 2020.

Jarrold Hastings
ombudsman