

complaint

Mr B complains about the amount that he will be charged by ALD Automotive Limited when he returns his car at the end of his hire agreement.

background

A new car was supplied to Mr B under a hire agreement with ALD Automotive that he signed in July 2018. The agreement was for three years and showed that the car had been registered in June 2018 – but it had been registered in April 2018 so the three year warranty would end before the hire agreement ended.

Mr B complained to ALD Automotive and it agreed that he could return the car in June 2021 (even though the agreement was due to end in August 2021) and it offered to credit his account with £130 as a refund of the amount that he would be overpaying under the agreement. Mr B wasn't satisfied with its response so complained to this service. He says that the credit was based on the normal monthly amount of £214 rather than the true monthly cost which, taking into account the up-front payment, is £261.75 and that it doesn't reflect the rental period accurately.

The investigator recommended that this complaint should be upheld. He said that the total payment under the agreement would have been £9,441.08 which was a daily rate of £8.6219. So, if the car was returned on 11 June 2021, 58 days early, the refund due to Mr B would be £285.50 – but he said that the refund would need to be actioned at the end of the agreement and should be reviewed nearer the time to ensure that it was accurate.

ALD Automotive asked the investigator to clarify some points about his recommendation – which he did – but it hasn't responded since then. Mr B says that he declined the offer of £130 so that payment wasn't made – but that £103 was credited to his account in September 2019.

my findings

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

ALD Automotive accepts that Mr B was given incorrect information about the registration date of the car – it's apologised for that and has agreed that he can end the agreement in June 2021. A date of 11 June 2021 has been discussed for him to return the car but the exact return date will need to be agreed nearer the time.

ALD Automotive offered to credit £130 to Mr B's account and said that he wouldn't need to make the June 2021 or July 2021 payments under the agreement. He didn't accept its offer but he says that it credited £103 to his account in September 2019.

Mr B made an advance payment of £1,931.15 and agreed to make 35 monthly payments of £214.57. I consider that any adjustment to the amount paid by Mr B at the end of the agreement should be based on the total amount payable under the agreement – and not just the monthly payments. The investigator has calculated that Mr B would be due a refund of £285.50 if the car is returned on 11 June 2021.

I consider that to be fair and reasonable – but any refund should be calculated nearer the time when the date and circumstances of the return will be known with more certainty. Any refund will also need to take account of the credit that has been made by ALD Automotive and will be subject to any end of contract charges that would be payable by Mr B.

my final decision

For these reasons, my decision is that I uphold Mr B's complaint and I order ALD Automotive Limited to calculate any refund that is due to him at the end of the hire agreement using a daily rate that is based on both the advance payment and the monthly rentals.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 July 2020.

Jarrold Hastings
ombudsman