

Complaint

Mr S complains that the vehicle he leased under a hire agreement with Lex Autolease Ltd had numerous faults which meant he needed to return it to the dealer on several occasions. He says this should have been taken into account and offset against the end of lease excess mileage charge.

Background

Mr S entered into a three year hire agreement with Lex Autolease in September 2015. During the term of the agreement he experienced numerous issues with the vehicle and had to return it to the dealer several times meaning he was without his vehicle for a combined total of eight weeks. He raised a complaint in 2016 which he says wasn't resolved and then raised another complaint at the end of his lease term. Mr S says that Lex Autolease suggested the vehicle had been returned five times, but it was returned many more times than this. He says Lex Autolease initially offered a £50 reduction in the mileage charge and then later a credit of £75 in recognition of the faults.

The agreement had an annual mileage allowance of 15,000 miles. At the end of the lease Mr S' vehicle had been driven over 64,000 miles and an excess mileage charge was applied. Mr S says that the experience he had with the vehicle should be taken into account when applying this charge and he should be credited eight weeks of payment to reflect the time without the vehicle.

Lex Autolease provided a final response letter dated 25 October 2018. It noted that Mr S needed to return the car five times in the first year and said this was a considerable amount of times. It said it considered the mileage involved in this and offered to credit Mr S' account with £75 to reflect the inconvenience he had been caused. It said it only had records of the visits it had noted, and that Mr S was provided with alternative transport while his car was in for repair. It also noted that it had provided information on Mr S' complaint to the British Vehicle Rental and Leasing Association (BVRLA) and that the complaint had been investigated and not upheld.

Our investigator said that Mr S had raised his concerns about the excess mileage charge with the BVRLA and this had been investigated and findings made. He explained that under our rules set out by the Financial Conduct Authority it says: *DISP 3.3.4a explains we won't be able to consider complaints where 'the subject matter of the complaint has been dealt with, or is being dealt with, by a comparable ADR entity'* and so he couldn't consider this part of Mr S' complaint further.

Our investigator noted that Mr S had raised a number of issues with the vehicle and while this had been considered by BVRLA in the context of whether it was fair to apply the charges he didn't think the BVRLA had investigated whether the vehicle was of satisfactory quality and therefore he considered this part of Mr S' complaint. He said that the vehicle was new when Mr S entered the hire agreement and so it should have been free from faults including minor defects. This wasn't the case and Mr S had to return the vehicle several times in the first year.

Given the issues raised within the first year, he thought it likely these issues were linked to the point of supply and felt Mr S had been caused significant inconvenience by needing to return the vehicle so many times. He said without further evidence he couldn't establish the cause for the later issues with the vehicle and couldn't rule out wear and tear. Because of

the issues experienced in the first year he thought that the offer of £75 compensation should be increased, and recommended Lex Autolease pay compensation of £250.

Lex Autolease didn't agree with our investigator's view. It said that Mr S entered the agreement in 2015 and most of the issues were in the first year. It said it wasn't fair that a complaint was then raised at the end of the agreement and it was expected to compensate for the issues then. It said Mr S was kept fully mobile while repairs took place and thought its offer of £75 was reasonable. It said any settlement amount should be offset against the outstanding balance on Mr S' account.

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 S' complaint is about the quality of the vehicle he leased under a hire agreement with Lex Autolease. He asked that this be taken into account when he received an invoice for the excess mileage at the end of his hire agreement. The issue of the application of the excess mileage charge has been investigated by the BVRLA and findings issued and so I haven't considered this further. I have considered the issue Mr S raised about the quality of the vehicle he hired.

Mr S hired a new vehicle in September 2015 and therefore it would be reasonable to expect it to be free from faults including minor defects for a reasonable amount of time. However, Mr S has provided evidence of issues with the vehicle that resulted in him needing to return to the dealer for repairs. Lex Autolease accepted that Mr S needed to return the vehicle five times in the first year.

Mr S has provided further information about the issues experienced in the first year and these include the fuel pump needing to be replaced in January 2016, number plates falling off and the boot struts failing. I do not have further details of the repairs undertaken but based on the nature of the issues and when they arose, I find it more likely than not that these issues were due to faults that were present or developing at the point of supply, or that the parts that failed weren't sufficiently durable. It was also identified that the vehicle had the wrong registration plates and so this had to be remedied. The issues were remedied, and I understand that Mr S was provided with alternative transport while his vehicle was in for repair.

Mr S continued to experience issues with the car through the lease term but given the mileage he had driven – I note he had driven almost 50,000 miles by October 2017 - and the issues raised, I do not find without further evidence I can say the subsequent issues were due to faults rather than wear and tear.

Given the number of issues Mr S experienced in the first year, I find it reasonable that Mr S is compensated for the distress and inconvenience he was caused. Lex Autolease offered £75 compensation but given the number of issues, the times Mr S needed to return the car and the inconvenience dealing with these issues would have caused him, I find £75 isn't enough. I understand that Mr S was kept mobile while the repairs were being carried out, but I still find he would have needed to spend a significant amount of time dealing with a range of issues which shouldn't have been experienced on a new vehicle. Given this I find the recommendation made by our investigator of £250 is reasonable.

If Mr S still has an outstanding balance with Lex Autolease I find it reasonable that this amount is offset against that.

My final decision

My final decision is that I uphold this complaint. I find that Mr S was caused significant inconvenience by the issues he experienced in the first year of hiring the vehicle and that total compensation of £250 is fair to reflect this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 March 2021.

Jane Archer
Ombudsman