

## **The complaint**

Mr M complains about the end of contract charges he's incurred when he ended his hire agreement with Volkswagen Financial Services (UK) Limited ("VFS"), specifically the amount of VAT he's been charged.

## **What happened**

In January 2020 Mr M acquired a new car through a hire agreement with VFS. In January 2022 Mr M extended his agreement by six months and then a further six months in July. The new agreement end date was in January 2023.

In December 2022 Mr M brought a complaint to VFS. He said he'd received an arrears notice for a rental that wasn't due and that he'd been charged VAT twice for excess mileage. In its final response VFS confirmed there was no outstanding rental on his agreement and no adverse information had been recorded on his credit file. With respect to the excess mileage it said the amount charged had been correct.

Mr M wasn't satisfied and brought his complaint to this service. He said VFS had charged 5p per mile *plus* VAT, however he said the formal agreement clearly implies the 5p includes VAT. He said the other costs in the same section on the agreement all included VAT. He asked for a refund and a refund for other affected customers.

Our investigator concluded that VFS hadn't done anything wrong when it had charged Mr M 5p *plus* VAT for the excess mileage. Mr M asked for a final decision from 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 realise this will come as a disappointment to Mr M but having done so I won't be asking VFS to do anything further.

Mr M hasn't disputed the number of excess miles he's been charged for. His complaint relates to the VAT he's been charged on that excess mileage charge.

When Mr M acquired the car he signed a hire agreement and by doing so he accepted the terms and conditions of that agreement. I've seen a copy of this agreement. In the key information section on the front page it summarises charges that may apply. For excess mileage it says

*"In accordance with term 10 of this agreement, you may also pay us an excess vehicle mileage charge... in accordance with the following scale...Vehicle Mileage Charge (plus VAT) pence per mile – 5".*

On page 3 the mileage charges are outlined in more detail. It says

*"10.2 When we ask, you must pay us the Excess Mileage Charge shown on page 1*

*(plus VAT) for each mile covered by the vehicle in excess of the Maximum Annual Mileage or the Maximum Total Mileage."*

So I'm satisfied that the excess mileage charge is 5p plus VAT. Mr M signed two extension agreements. On both agreements it says

*"The particulars of the formal extension have been detailed in the table below...  
Excess mileage charge 5.00p per mile."*

Immediately underneath that it says

*"Your excess mileage rate will remain the same 5.00p per mile"*

While I understand Mr M when he says it's implied that VAT is included in the excess mileage charge of 5.00p per mile in the supplementary agreements, and that for the primary hire rentals it does say including VAT in brackets, I'm satisfied that because it also says *"your excess mileage rate will remain the same 5.00p per mile"* that this means the same as the original hire agreement.

So I'm satisfied that VFS hasn't done anything wrong, and I won't be asking it to do anything further.

Mr M is concerned that this has affected other customers. My role is to look at the individual circumstances of this particular complaint. We have the power to get things put right in the *individual* cases referred to us if we decide a business has got it wrong and a consumer has lost out as a result. We don't have the power to tell a business how it should treat all customers or how it develops its internal policies. That's a matter for the regulator, the Financial Conduct Authority (FCA).

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 October 2023.

Maxine Sutton  
**Ombudsman**