

The complaint

Mr W has complained that Ald Automotive Limited charged him for increased road tax, and also took the first payment too early.

What happened

In September 2021, Mr W took out a finance agreement with Ald for a car. At this point, he'd been told the car had been assigned a value of £39,025 by the manufacturer. However, in August 2022, he received an invoice from Ald for £365. This was as a result of the manufacturer having increased the car's price, resulting in an increase in the road tax that was due. The sum was to be taken after a 30 day notice period, but Ald took it within this time.

Mr W complained to Ald that he'd been mis-sold the agreement, as the price of the car had changed. He was also unhappy about the payment being collected too early. Ald responded, saying that as the manufacturer had raised the price of the car, the road tax had increased, and Ald was entitled to pass this on to Mr W. However, it accepted it had taken the payment too early. It offered Mr W £365 compensation in acknowledgement of this (which equated to the first year's tax increase).

Mr W was unhappy with this, so brought his complaint to our service. He'd like further compensation, and be allowed to exit the agreement early at no further cost.

One of our investigators looked into what had happened, but didn't think the complaint should be upheld. He was satisfied that the price increase had likely come from the manufacturer, and that the terms of the finance agreement allowed Ald to pass the resulting tax increase on to Mr W. He could see that the price of the car had increased before Mr W had entered into the agreement, but this hadn't been updated. However, he had no evidence that Mr W wouldn't have entered into the agreement, had he known about the increase.

Our investigator agreed that Ald had taken the payment too early, but was satisfied that the £365 compensation was fair to address this mistake.

Mr C disagreed. He thinks it's unfair that he has to pay an extra £365 a year, for each year of the agreement. He feels that the issue is between Ald and the manufacturer, and shouldn't have an impact on him.

The complaint's now been passed to me.

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.

Having done so, I'm not upholding it. I know this will be disappointing for Mr W, but I'll explain why.

It's clear to me that the price increase had taken effect before Mr W entered into the

agreement. Unfortunately, the increase hadn't been pulled through into the agreement, and Ald only became aware of it later. I accept that it should have checked there had been no changes. I can see this would have been frustrating for Mr W. For the agreement to have been misrepresented, a false statement of fact must be made – and I'm satisfied it was. But, it's also necessary that the consumer wouldn't have entered into the agreement, had he/she known the correct position. Here, I don't think, on balance, that it was such that Mr W wouldn't have entered into the agreement, had he known about the increase. I've seen no evidence to persuade me this would have been the case.

I can also see that the agreement allows for the increase in road tax (as a result of manufacturer price increases) to be passed on to Mr W. On the front page, it states:

"If it reasonable to do so we can vary the Regular Payments by giving you at least 30 days written notice solely to the extent necessary to respond to a variation in the following: ...

c) any increase in the cost of the vehicle to us, whether due to import tariffs, other statutory charges and/or manufacturer price increases."

Accordingly, I don't think it was unfair for the increase to be passed on. I know Mr W feels it should be between Ald and the manufacturer, but he signed an agreement allowing for what has happened.

Turning to the payment being taken early, Ald has accepted it acted incorrectly. It credited Mr W's account with £365 compensation in acknowledgement of this, which equated to a year's tax increase. Taking everything into account, I think this is a significant sum, and I feel it fairly reflects the trouble and upset caused to Mr W.

For these reasons, I think Ald acted reasonably in charging Mr W, and has done all it should in putting things right as regards taking the first payment early.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 September 2023.

Elspeth Wood
Ombudsman