

The complaint

Mr L complains to us about the administration of a hire agreement by Volkswagen Financial Services (UK) Ltd trading as Volkswagen Financial Services ("VWFS").

What happened

In November 2019 Mr L entered into a hire agreement for a car with VWFS. On 27 May 2022 VWFS and Mr L modified the original agreement to extend it by six months; the mileage allowance was increased to 30,000 miles.

After this, Mr L decided to get a new vehicle with VWFS. He initially booked collection of the car to coincide with delivery of the new vehicle – so, this was booked for 29 November 2022. Mr L cancelled this collection date when he found there was going to be a delay with the delivery of his new car.

The collection was rebooked for 13 December 2022, but this was cancelled by the collection agency. It was rebooked for 21 December 22 and was cancelled again by the collection agency. The car was eventually collected on 6 January 2023. Meanwhile Mr L's new vehicle had been delivered on 14 December.

Later in January, VWFS billed Mr L £168.79 for the extra days that he had possession of the car. And also in relation to excess mileage travelled, VWFS sent Mr L a bill for £432.60.

Mr L complained to VWFS. Having noted that it itself had cancelled the collection several times, VWFS recalculated the charge in relation to the extra days. The recalculated amount came to under £13. VWFS then said it decided to waive this amount as a gesture of goodwill. In addition it subsequently offered Mr L £100 for the distress and inconvenience he'd been caused with the delays. VWFS said the charge for excess mileage would stand.

Mr L was unhappy and complained to our service. Our investigator issued an opinion and said V the W FS WFS had waived the extra days hire charge, so Mr L hadn't been penalised. He said that the mileage had exceeded the allowed amount, VWFS had then prorated the mileage, and he thought they charge for the remaining mileage was fair. He said he thought the offer of £100 was in line with what we would expect.

Mr L remained unhappy so the complaint has been passed to me to decide.

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 think the offer from VWFS is fair and reasonable. I'll explain why. I've looked at this complaint on the balance of probabilities – that is, what I consider is most likely to have happened in light of the available evidence.

As VWFS is no longer charging Mr L for the extra days he had the car, I don't need to address that here. Instead I've looked at the remaining issues of excess mileage and the

distress and inconvenience involved.

First of all, I've considered the agreement Mr L signed. In relation to excess mileage it states:

"10.1 You must make sure that the vehicle does not cover more than:

the maximum annual mileage in each succeeding period of 12 months starting from the making of the agreement; and/or

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"

VWFS has explained Mr L was over the pro-rated allowance when the car was returned. The odometer read 34,699 miles. The mileage allowance in the agreement was 30,000, the pro-rated amount was 31,094 and this resulted in a net excess mileage figure of 3605 miles. Mr L was charged 10 pence per mile plus VAT, resulting in the bill for £432.60.

Mr L told us he doesn't think the agreement was clear enough. He seems to have formed the impression that if the collection was cancelled by the collection agency, then any excess mileage wouldn't be charged.

I've considered what Mr L has told us about the requirements regarding mileage being unclear to him. But the 30,000 mile allowance and the 10 pence charge are stated clearly on the first page of the modified agreement he entered into in May 2022.

However, even if it was the case that Mr L ought not to have been charged for any miles accrued after the car should have been collected, the total amount by which the mileage was exceeded (after VWFS pro-rated the global figure) was over 3,500 miles. In addition Mr L told us that after the missed collection on 13 December, the next day his wife had to drive the car to work before the collection agency opened. So, she drove the car to her place of work on 14 December. She was later told by the collection agency that she would be no longer insured to drive the car, so she was forced to leave it in her workplace car park.

So, first of all VWFS has already made allowance for the delayed collection, by pro-rating the mileage figures. Even if VWFS had not made that calculation, given that for a significant period of time the car was parked outside Mr L's wife's workplace, I'm satisfied that on the balance of probabilities the majority of excess miles were accrued after the modified agreement in May 2022 but before the missed collection. So overall, it seems very unlikely that delays in collection could have led to these miles being accrued. On that basis I'm satisfied that it's fair Mr L should pay for them, and I think it's likely that the pro-rated figure is also fair.

Mr L also complained to us that the amount of £100 offered by VWFS was insufficient. He provided us with a shortlist of costs he incurred as a result of the delayed collection. I've thought about what feels fair and reasonable to put this right. This Service has been set up to provide an informal alternative to the courts. For this reason it's appropriate to think about things in the round, rather than separate itemised amounts for heads of loss, as is the case with the list Mr L sent us.

I've considered that the first delayed collection negatively affected a family event for Mr L and I have also taken into account the hassle and that Mr L picked up a driver at a station. In response to our adjudicator's decision Mr L told us we'd failed to take into account incompetence by VWFS. But based on the available information the first cancellation was made by Mr L, and later cancellations were caused by industrial action and weather delays.

So overall, I'm of the view that the offer of £100 in this complaint is fair and I don't think VWFS needs to do anything further, other than to ensure it pays Mr L in line with its offer.

My final decision

Volkswagen Financial Services (UK) Ltd has already made an offer to settle this complaint by paying Mr L £100 and I think this offer is fair and reasonable in all the circumstances. So I instruct Volkswagen Financial Services (UK) Ltd if it hasn't already, to pay Mr L £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 January 2024.

Katrina Hyde
Ombudsman