

## **The complaint**

Miss B complains that Lex Autolease Ltd has unfairly applied charges to the end of her hire agreement.

## **What happened**

Miss B entered into a hire agreement with Lex Autolease for a car in April 2018. She had to pay an initial rental of £2,500 followed by 35 monthly rental payments of £606.61. In 2020, Miss B asked for a payment holiday for three months, which was granted. The effect of the payment holiday was that the three rental payments that were due during the payment holiday would be deferred until the end of the hire agreement.

In February 2021, Miss B applied to extend her hire agreement for a further 12 months. She completed her application online. The new monthly rental payments were set at £454.96. In November 2021, Miss B applied online once more to extend the term of the hire agreement. New rental payments were calculated as £382.73 for 16 months.

In March 2023, the hire agreement term came to an end. Lex Autolease informed Miss B that she still needed to pay £1,819.83 for the three deferred monthly rentals from 2020. Miss B complained to Lex Autolease about this charge. She didn't believe she was required to pay it as she had understood that when she extended the hire agreement the deferred payments had been incorporated into the new monthly rental figures. She said at no point had Lex Autolease told her that wasn't the case.

Lex Autolease didn't agree it had acted unfairly. It said the deferred payments would only become payable at the end of the hire agreement and as Miss B had extended the hire agreement the deferred payments had fallen due at the end of the extended term. It said it had not misled Miss B about this at any stage.

Our investigator didn't recommend the complaint be upheld. He was satisfied that Lex Autolease had made it clear when the deferred payments would become payable. He didn't think it had misled Miss B into thinking the deferred payments were included in the new rental payments when the hire agreement had been extended.

Miss B didn't agree. In summary, she said that Lex Autolease had failed in its duty to provide her with clear and not misleading information in relation to her payments and the hire agreement as a whole.

The complaint has been passed to me for a decision.

## **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.

Miss B accepts that at the time of approving the three month payment holiday, Lex Autolease informed her that the deferred payments would be collected at the end of the

contract term. However, she says that she was led to believe that when she negotiated an extension to the term, those deferred payments were automatically included in the overall cost of her new monthly repayments.

Lex Autolease says it did not tell Miss B this nor did it do anything that would have led her to believe that were the case. It says that it had made it clear the deferred payments would fall due at the end of the contract, as Miss B had extended the term, the contract hadn't come to an end.

Miss B hasn't been able to provide any correspondence from Lex Autolease where it was stated or implied to her that the deferred payments were included in the new monthly payments when she extended the contract term. I asked Lex Autolease to provide me with examples of the information Miss B would have seen when she completed her application for a contract extension online.

These screenshots show that during the application process, if a customer has taken advantage of a payment holiday a message will appear with the heading *"You have a payment holiday on your account"* and underneath a statement which says:

*"Any payments accrued during, and included in, your payment holiday for the above vehicle are not included in your contract amendment."*

*"The balances remaining on your payment holiday will continue to be payable once you have returned the vehicle."*

These example screenshots were shared with Miss B for her comments. She said that the screenshots didn't seem to relate to her application as the financial information didn't correspond with her contract. Further, she said the screenshots were of the mobile version of the website and she had not used a mobile when extending her contract both times.

While I agree the screenshots Lex Autolease have provided don't contain Miss B's contract information, they are intended to be illustrative of what Miss B would have seen when processing her application. I note the screenshots are displayed on a mobile device and it's possible that the layout on a computer or webpage might appear different. However, I'm satisfied that the messages displayed are more likely than not to accurately demonstrate what information Miss B would have been presented with at the time she applied for her contract extensions online.

I'm therefore satisfied that Lex Autolease more likely than not provided Miss B with clear information at each contract extension application that the deferred payments from her payment holiday would fall due at the end of her agreement term. I therefore don't think it has acted unfairly in now seeking repayment of those deferred payments.

For completeness, even if Miss B wasn't presented with that information during the contract extension application, this wouldn't change the outcome I've reached. I say this because Miss B accepts Lex Autolease correctly informed her at the time of the payment holiday being agreed that the deferred payments would become payable at the end of the contract term.

Further, in correspondence with us, Miss B has said *"I was under the impression the holiday payments were included as I believed I was entering into a new contract with Lex at the time I extended the lease period"* and *"I have never received any correspondence relating to the payment holiday from the date it was approved"*. Therefore, it's clear to me that Miss B has made an incorrect assumption which wasn't based on anything Lex Autolease had told her or implied to her. It follows that it would be unfair and unreasonable to hold Lex Autolease

responsible for the impact of the conclusions Miss B drew in these circumstances.

Lastly, Miss B says that Lex Autolease has failed in its duty under Principle 7 of the Financial Conduct Authority's Principles for Businesses, which says "*A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.*" She says Lex Autolease failed to adequately inform her when she extended her contract that the deferred holiday payments were still due.

For the reasons I've already set out above, I'm satisfied it is more likely than not that Lex Autolease did do enough to inform Miss B of the deferred payments at each contract extension in a way that was clear, fair and not misleading. But even if those messages weren't displayed to her, I'm not persuaded that Lex Autolease has at any stage provided her with information concerning the payments that was misleading or unclear. While Miss B feels Lex Autolease ought to have done more at each contract extension, I'm satisfied it hasn't acted unfairly or unreasonably towards her.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 April 2024.

Tero Hiltunen  
**Ombudsman**