

The complaint

Mr B is unhappy with what happened when he attempted to extend the term of a hire agreement provided by Lex Autolease Ltd 'Lex'.

What happened

In November 2018 Mr B leased a new car, using a hire agreement provided by Lex to acquire it. The agreement was initially taken over 36 months, with an initial payment of £2,232.14 followed by regular payments of £372.02.

Around September 2021 Mr B requested to extend the lease and this was accepted for a year. Then, around August 2022 Mr B says he extended the lease again for another year. But, he says Lex then took a higher monthly payment than agreed.

Mr B complained to Lex and it issued a final response in March 2023. This said, in summary, that in September 2021 Mr B signed a modified agreement to extend the term of the lease. It said an application was then approved for the second extension.

Lex said a message was sent to Mr B via his online account saying he needed to sign an agreement for the extension to be put in place. And it said an email was sent to Mr B asking him to log into his account. But, Lex explained Mr B did not do so. So, it said the formal extension was not set up and Mr B entered into an informal extension which was why he was charged a higher amount.

The car was then returned to Lex towards the end of April 2023.

Mr B was unhappy with this and referred the complaint to our service. He said, in summary that he wasn't required to sign any documents for the extension as a credit check had been carried out. He said Lex were being unprofessional and committing fraud. He said he never consented to being on a rolling contract. And he said he was unhappy the situation had now affected his credit record.

Our investigator issued a view and did not uphold the complaint. He said, in summary, that Lex didn't do anything wrong by not formally extending the term of the lease in 2022 as Mr B didn't sign an agreement. He said the terms and conditions of the contract Mr B did have explained that if the car wasn't collected the agreement would continue on an informal basis, so he didn't think Lex did anything wrong. And he said Lex had explained Mr B didn't pay the amounts due for his informal extension in full, so it was right to report this to credit reference agencies.

Mr B was unhappy with this. He said, in summary, that it was never requested that he sign documents online when he extended the lease. He said he'd asked Lex for a copy of these documents but he never received them. He said he'd been declined lending elsewhere because of what happened. And he said he didn't pay the amounts due for the informal extension as he didn't agree to these.

Mr B also raised some additional points with our service at this point. He said he shouldn't

be liable for the April 2023 payment as he asked Lex to collect the car prior to this. Mr B said his credit file showed there was a balance of £821 outstanding, but said he paid £550.69 and then £270.69 towards the agreement so believes this should be shown as settled on his credit file.

Mr B also provided part of a further final response to a complaint from Lex.

As Mr B had continued to disagree with the outcome, the complaint was passed to me to decide.

I asked Lex to provide some further details about the further final response Mr B had provided part of, as the issues mentioned appear to all be linked. Lex responded and said Mr B had made two further complaints to it about the agreement, which broadly were the same as the additional points he raised to our service after the investigator issued his view.

Lex provided copies of two further final responses to Mr B's complaint. The first dated April 2023 explained, in summary, that Lex was right to record information on Mr B's credit file as the informal extension had been set up correctly. Lex did say however that it should have acknowledged that Mr B requested the car be collected in an email from March 2023. It said because of this, if the car was collected within 14 days, Lex would credit payments back to 8 April 2023, which is when Mr B said he stopped using the car.

The next final response was dated 19 June 2023. This explained, in summary, that while Mr B had made credits to the account since the informal arrangement started, he still had arrears of £748.88 on the account. So, Lex said it was right to report this to credit reference agencies. This final response also explained the account had been credited with £297 and £10 for the period of 3 April to 24 April 2023, in line with Lex's offer in the previous final response.

These further complaints are all linked to Mr B's original complaint he raised with our service, as the crux of the issue is the informal extension and subsequent reporting on his credit file. I asked Lex if it was happy for me to address the specific points raised in these further responses in this decision, which it said it was.

I sent Mr B and Lex a provisional decision on 29 November 2023. My findings from this decision were as follows:

Mr B complains about Lex's actions in relation to a hire agreement. Entering into regulated consumer credit contracts such as this is a regulated activity. So I'm satisfied I can consider Mr B's complaint against Lex.

Mr B has written at some length about these issues. I may not comment on everything Mr B has told us nor every individual point raised. I want to reassure both parties that this doesn't mean I consider things unimportant nor that I haven't reviewed everything. While I've carefully thought about all of the information on the case, I'm going to focus on what I consider the crux of Mr B's complaint and the key facts. This reflects the informal nature of our service.

Extension of agreement in 2022

It isn't in dispute here that an extension was applied for and agreed. What I need to consider is whether any further action was needed from Mr B, and whether he would've been reasonably aware of this.

Mr B is adamant he didn't need to sign anything and that the credit search was the end of

the process for the extension to be put in place. But, he hasn't provided any evidence of this. And I think it's clear Lex are in a better position to give an accurate explanation of its application process than Mr B is. Lex has explained following the credit search, Mr B needed to sign an agreement.

Lex have explained Mr B was sent a message on his online account explaining he needed to sign an agreement for an extension to be put in place, and was sent an email asking him to log on to his online account. I think this would've been enough to alert Mr B that he needed to sign the agreement. And I haven't seen enough to make me think it's most likely Mr B wasn't sent these communications.

Mr B is unhappy Lex didn't chase him to sign the agreement. I can understand his frustration here, and I can see in this particular case this may have benefitted him. But I can also see the reasoning behind Lex's explanation, that it doesn't chase consumers as it does not wish to pressure them to sign contract extensions.

The key thing here is that I think Mr B would've been aware he needed to sign the extension, and Lex weren't required to chase him to do so. So, this doesn't change my opinion.

Thinking about everything here, I don't think Lex did anything wrong by not putting the extension in place when Mr B didn't sign a new agreement.

Informal extension

Mr B says he never agreed for the agreement to be extended informally. I've reviewed the terms and conditions Mr B agreed to when he acquired the car. These explained an informal extension would be put in place if the agreement expires, until the car is collected. The agreement later explains as an alternative to this, Mr B could request a formal extension.

The amount Mr B was charged for the informal extension was slightly less than that set out on the original agreement. Lex have explained this was based both on the amount of the original agreement and the extension, which seems reasonable.

Thinking about this, I think Mr B agreed for the hire period to be informally extended if the agreement reached an end without a formal extension in place. I'm satisfied this is what happened in this case.

This also seems a fair and reasonable course of action to take – Mr B kept the car and so I'm satisfied he should pay for the use of it. So, I don't think Lex did anything wrong here.

Credit reporting

Having reviewed things, I'm satisfied Mr B didn't make the full repayments towards the informal contract extension. As above, I'm satisfied these payments were due from him. So, I don't think Lex did anything wrong by reporting this information on his credit file.

Mr B has recently explained he has made repayments to the agreement that aren't showing on his credit file, and the amount reflected that he owes is incorrect. But, the evidence he's provided doesn't convince me Lex reported inaccurate information.

Lex has shown no payments were made to the agreement for January and February 2023. Mr B showed a snapshot of his credit file, showing a balance owed equalling two month's arrears. This seems to be accurate. And I haven't seen this was cleared before the date of the screenshot.

Mr B has shown he made a payment of £270.69 towards the agreement as he explained. But this payment was dated after the repayments were due, after the credit report was updated and after Lex sent its latest final response. So I still haven't seen enough to make me think incorrect information was being reported on Mr B's credit file.

Return of the car

Lex has upheld this part of Mr B's complaint. It said it should've acknowledged when Mr B asked to return the car at the end of March 2023. It explained it would credit the account for the period Mr B stopped driving the car if it was then returned. I think this offer was fair and reasonable. And Lex has already confirmed the account was credited. So, it needs to take no further action on this point.

I gave both parties two weeks to respond with any further comments or evidence. Neither Mr B nor Lex followed up with anything more for me to consider in relation to this complaint.

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 thought about all of the information about this case again, I still think it should not be upheld. This is due to the reasons I explained in my provisional decision and set out above.

My final decision

My final decision is that I do not uphold this complaint.

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

John Bower
Ombudsman