

## **The complaint**

Mr M has complained that Lex Autolease Ltd has charged him £498 for the increase in tax for a car he has with it on finance.

## **What happened**

Mr M has a finance agreement with Lex. It has charged him £498 for an increase in the vehicle excise duty ('VED'), but Mr M feels this sum is incorrect.

One of our investigators looked into what had happened, but didn't recommend that the complaint should be upheld. He was satisfied that the agreement made provision for Lex to pass on increases in VED, and that it had done so at the rate applicable to Mr M's car.

Mr M disagreed. He doesn't feel that Lex have considered the 'luxury car tax', and should have included this sum in the original calculations.

## **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'll explain why.

One of the clauses in that agreement states:

*"We shall pay the cost of the annual vehicle excise licence (VED) required by law for the vehicle. The anticipated cost of the annual VED for each year of the minimum period has been included in your rentals. If the annual VED or levy payable in respect of the vehicle being or becoming greater than the amount payable at the date of commencement of the hiring of the vehicle, you will reimburse the difference to us upon demand."*

So, it's clear to me that Lex was entitled to pass on the cost of the VED to Mr M. It has also evidenced that the applicable VED is £570, and provided an invoice setting out what Mr M had already paid and what the difference is that he now owes, along with an explanation of the VAT. So, I'm satisfied that Lex has behaved correctly, in line with the agreement.

Mr M has referred to the 'luxury car tax', and says Lex should have considered this when setting up the agreement. The 'luxury car tax' is a new tax on cars worth over £40,000, and is, in its simplest terms, a surcharge on the VED for cars that emit over 150g of carbon dioxide per kilometre. I'm unsure why Mr M feels this should have been factored into calculations when the agreement was taken out. But ultimately, Lex is entitled to charge for increases in VED, and this is what it has done.

## **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 M to accept or

reject my decision before 15 February 2024.

Elspeth Wood  
**Ombudsman**