

The complaint

Mr P is unhappy with the end of contract damage charges applied on a car supplied to him under a hire agreement with Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions ('Novuna').

What happened

In October 2019, Mr P was supplied with a new car through a hire agreement with Novuna. The agreement was for 36 months, with an initial rental of £890.28 and 35 monthly rental payments of £296.76. When the agreement ended in 2022, Mr P agreed a 12-month extension, with the monthly rental payments remaining the same.

Mr P returned the car to Novuna before the end of the extension agreement. On 20 July 2023, when the car was collected, it was inspected (in Mr P's presence) for damages that fell outside of normal wear and tear. The inspector found a number of areas where the damage to the car was outside of what was acceptable, and Mr P was told he would need to pay damage charges of £2,016.48.

Mr P wasn't happy with this, and he complained to Novuna. Novuna agreed to remove some of the damage charges, totalling £301.48, and they also agreed to reduce the overall charges by a further £150. This reduced Mr P's liability to £1,565.

Mr P wasn't happy with this, and he brought his complaint to the Financial Ombudsman Service for investigation.

The terms and conditions agreed to said that any damages would be considered against the British Vehicle Rental and Leasing Association (BVRLA) fair wear and tear guidelines. Our investigator considered the damage to the car against these guidelines and said she thought Novuna had acted fairly and reasonably by applying the charges they did. So, she didn't think they needed to reduce or remove these.

Mr P didn't agree with the investigator. While he said that he agreed with some of the damage charges, totalling £505, he didn't agree with the rest. He thought that Novuna were expecting a four-year-old car to be returned in the condition it was when it was brand new, and this was unfair.

Mr P also thought he was being *"told I'm lying about the paintwork being resprayed [while the car was in his possession]"*, and he thought this must've been done before the car was supplied to him. He also said that, if Novuna *"don't want parts to rust, why have they put them so close to the road or not make them of a rust proof material."*

Because Mr P didn't agree, this matter has been passed to me to make a final 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr P was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

I've seen a copy of the terms and conditions Mr P agreed to when he hired the car from Novuna. These say:

Return Condition of the Vehicle

At the end of the term, you must return the vehicle in a good roadworthy condition, allowing for fair wear and tear. Charges may apply for any damage outside of fair wear and tear ...

The condition of the vehicle is assessed using the [BVRLA] guidelines ...

Based on this, I'm satisfied that Novuna made it reasonably clear to Mr P at the outset of the agreement under what basis the condition of the car would be assessed. And, as it's clear from this that fair wear and tear is acceptable, I can't agree with Mr P's comments that Novuna are expecting the car to be returned in the condition it was supplied, rather than it having the appearance of a four year old car.

I've also seen the inspection report dated 20 July 2023. As this was signed by Mr P at the time, even though he disputed the charges that were being applied, I'm satisfied it's reasonable for me to accept this as a true representation of the condition of the car when it was returned to Novuna.

What's more, I haven't seen that, during the time he was in possession of the car, Mr P ever complained that any of the damage being charged for (including the paintwork damage) was present at the time the car was supplied to him. As such, I'm satisfied it's reasonable for me to conclude that it's more likely than not that none of the damage being charged for was present at the point of supply.

As some of the damage charges have already been removed, and as Mr P has accepted the charges for some of the damage, I will only consider the damage that's still being contested. However, in doing so, I won't be considering how any of the damage was actually caused (including the damage to the paintwork) as I don't think this is relevant – the BVRLA guidelines only consider the damage itself, not any underlying cause.

Rear Alloy Wheel R (corrosion / rust - £65); Front Alloy Wheel R (corrosion / rust - £65); Front Alloy Wheel L (corrosion / rust - £65); Rear Alloy Wheel L (corrosion / rust - £65)

With regards to alloy wheels, the BVRLA guidelines state “any damage to the wheel spokes, wheel facia or hub of the wheel is not acceptable. There must be no rust or corrosion on the alloy wheels/wheel hub.”

I've seen the photos of the damage supplied with the report of 20 July 2023, and these show all four alloy wheels have damage and corrosion. As such, I'm satisfied that the damage to the wheels falls outside of the BVRLA guidelines, and Novuna are entitled to charge for this damage. I've also considered the amount being charged, and I don't think the amount is unreasonable in the circumstances.

I therefore won't be asking Novuna to reduce or remove any of the charges relating to the damage to the four alloy wheels.

B Post R (scratched through paint, up to 25mm, multiple scratches - £75); Front Bumper (gouged, full bumper, up to 25mm, multiple areas of damage - £175)

With regards to surface scratches, the BVRLA guidelines state *"surface scratches of 25mm or less where the primer or bare metal is not showing is acceptable provided, they can be polished out. A maximum of four surface scratches on one panel is acceptable."*

I've seen the photos of the damage supplied with the report of 20 July 2023. These show a scratch of less than 25mm on the B post, but the scratch being through the paint and bare metal showing; and multiple areas of damage to the bumper, including a deep gouge of around 15mm in diameter which has resulted in an area of the bumper missing.

As such, I'm satisfied that the damage to these areas of the car falls outside of the BVRLA guidelines, and Novuna are entitled to charge for this damage. I've also considered the amount being charged, and I don't think the amount is unreasonable in the circumstances.

I therefore won't be asking Novuna to reduce or remove any of the charges relating to the damage to the surface scratches.

Sill Panel L (dull paint, poor repair - £140); Front Door L (dull paint, poor repair - £140); Rear Door L (dirt in paint, poor repair - £140); Quarter Panel L (preparation marks, poor repair - £140); Bonnet (dirt in paint, poor repair - £140)

With regards to paintwork, the BVRLA guidelines state *"obvious evidence of poor repair, such as flaking paint, preparation marks, paint contamination, rippled finish or poorly matched paint, is not acceptable."*

I've seen the photos of the damage supplied with the report of 20 July 2023. These show a poor paint finish on the sill panel and on the front door; and there are visible preparation marks on the quarter panel. The photos also show a poor paint finish with embedded dirt on the rear door and bonnet.

As I've said above, it's not my role to speculate on how this damage may've occurred. However, this is visible and obvious damage to the paintwork, and I've seen no evidence that Mr P ever raised this with Novuna while the car was in his possession. Given this, I remain satisfied it's more likely than not that this damage wasn't present when the car was supplied to Mr P.

As such, I'm satisfied that the damage to these areas of the car falls outside of the BVRLA guidelines, and Novuna are entitled to charge for this damage. I've also considered the amount being charged, and I don't think the amount is unreasonable in the circumstances.

I therefore won't be asking Novuna to reduce or remove any of the charges relating to the damage to the paintwork.

So, and in conclusion, having considered all the evidence available to me, and while I appreciate this will come as a disappointment to Mr P, I won't be asking Novuna to do anything more. And they are entitled to pursue Mr P for the outstanding damage charges. However, I would also remind Novuna of the requirements to treat customers with due consideration if there are any financial difficulties.

My final decision

For the reasons explained, I don't uphold Mr P's complaint about Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 31 January 2024.

Andrew Burford
Ombudsman