

## The complaint

Mr R complains about charges made by Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions (NVS) when he returned his vehicle.

## What happened

Mr R entered into a hire agreement for a vehicle with NVS in March 2018. The agreement was for 36 months, with the vehicle due to be returned in March 2021. Mr R extended the agreement for 12 months in March 2021, and for another 12 months in March 2022. So, the agreement came to an end in March 2023 after these extensions.

Collection agents collected and inspected the vehicle for NVS in March 2023. The report from that inspection noted damage outside of fair wear and tear and the cost to Mr R as follows:

- Rear lamp unit L – faded - £111.63
- Rear lamp unit R – faded - £120.60
- Boot lamp unit L – faded - £85.65
- Boot lamp unit R – faded - £122.91
- Front alloy wheel L – scuffed. Rim damage 51-100mm - £65
- Rear alloy wheel L – scuffed. Rim damage 100mm+ - £65
- Rear alloy wheel R – corrosion/rust - £65
- Front tyre R – cracked - £184.47
- Rear tyre L – cracked - £184.47
- Rear tyre R – cracked - £184.47
- Front bumper – scuffed 100mm+ - £175
- Rear door L – scratched. Through paint up to 25mm - £75
- Rear bumper – dull paint - £175
- Rear bumper – misaligned - £50
- Front wing L – dent 16-30mm - £60
- Sill Extension L – scratched – £75

NVS asked Mr R to pay a total of £1,799.20 in damage charges.

Mr R complained to NVS about the charges. He said he thought the inspector had made up the charges, the condition of the car was misrepresented, and the car had fair wear and tear for a five-year-old car. Mr R refused to pay the charges.

NVS sent Mr R their final response to his complaint in May 2023. They said Mr R's car was assessed against the British Vehicle Rental and Leasing Association (BVRLA) fair wear and tear standards, and the agreement allows them to charge when the car is returned outside of these standards. NVS said they'd reviewed each of the charges and didn't think the images provided by the collection agents showed clear evidence of damage for the following items:

- Rear lamp unit L – faded - £111.63
- Rear lamp unit R – faded - £120.60

- Boot lamp unit L – faded - £85.65
- Rear bumper – dull paint - £175

They removed a total of £492.88 for these items, leaving £1,360.32 that they asked Mr R to pay.

Unhappy with this, Mr R brought his complaint to this service for investigation. He said the opinions of the inspector were questionable, and the rules around returning a vehicle were flawed. Mr R said the car was five years old, and he felt it was being held to showroom standards. Mr R asked for the charges to be removed and compensation for poor service he'd received.

Our investigator gave his view that NVS should remove following charges as the damage wasn't evident in the photos provided:

- Boot lamp unit R – faded - £122.91
- Rear bumper – misaligned - £50

He thought the other charges had been fairly applied, and so there was an outstanding sum of £1,187.41 for Mr R to pay.

Our investigator also said he hadn't seen any evidence of bias in the relationship between NVS and the collection agents, and that it was standard in the industry for third party agents to collect vehicles on behalf of a finance provider. Our investigator said he couldn't comment on the overall fairness of BVRLA guidelines.

NVS didn't agree. They said they'd remove the charge for the boot lamp, but they thought the photos clearly showed the misalignment of the bumper.

Mr R didn't agree. He said, in summary, the inspection was inaccurate as has been shown by the removal of some of the charges so far, and that it was biased as it was completed by an auctioneer who stood to profit from the sale of the vehicle. Mr R said the BVRLA rules are not fit for purpose, he'd had the vehicle for five years, and it had suffered fair wear and tear for its age. Mr R also said there was no evidence that NVS had undertaken any of the repairs they were charging him for, and he wasn't given sufficient time to undertake any repairs himself.

I issued a provisional decision on this complaint in November 2023 recommending that it was upheld. I made the following provisional findings:

*I'm very aware that I've summarised this complaint above in far less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.*

### Inspection

*Mr R has said that the opinions of the person inspecting the car were questionable and they were bias because they stood to profit from any damage identified. He said the removal of some of the damage charges shows that the inspection was inaccurate.*

*I've thought about this carefully, and I'm not persuaded that the collection agents were biased. It's not unusual for a company like NVS to use a third party to collect and inspect vehicles at the end of the agreement. The collection agents are experts in the field of vehicle assessment and evaluation, and I think it was reasonable for NVS to rely on their assessment of the car. There was a mechanism for Mr R to dispute the damage recorded, which he used, and I think NVS treated Mr R fairly in assessing the photographs of the damage and whether all areas remained chargeable.*

*I don't agree that the removal of some charges means the inspection was inaccurate. There are a number of reasons that charges may be removed after an inspection, such as the photographs not clearly showing the damage.*

*Overall, I'm satisfied that the inspection was completed by someone qualified to do such an inspection, and that NVS were entitled to rely on its findings.*

### *Damage charges*

*Mr R signed a hire agreement in March 2018. The terms of the agreement set out that the vehicle must be returned at the end of the agreement in good condition, and that it'll be assessed in line with BVRLA standards. It goes on to set out how a copy of those standards can be obtained and allows NVS to charge for any damage outside of fair wear and tear.*

*It's clear from the agreement that Mr R was responsible for returning the car in good condition.*

*NVS have agreed to remove the charges for all four of the lamp units, and the charge for the dull paint on the bumper, so I haven't considered these further. I've considered whether the remaining charges applied by NVS are fair and reasonable.*

*When reaching my decision, I'm required to consider relevant industry guidance. There are industry standard guidelines published by the BVRLA which set out what is considered to be fair wear and tear in respect of a hired vehicle. Mr R has said he doesn't think this guidance is fit for purpose.*

*This guidance is generally intended for new cars that have been returned at the end of their first finance agreement, so it is used mainly to consider damage to cars that are a few years old. But it can also be used for older cars, where the age of a car and the number of miles it has covered are taken into account when considering what would be deemed fair wear and tear.*

*I've also considered that the BVRLA guidance is just that - guidance. While I take it into consideration, I also need to take into consideration what is fair and reasonable in the circumstances. So, I think it's fair that any damage is assessed by considering whether it's reasonable to expect this type of damage, given the car's age and mileage.*

*Here, the car was new When Mr R acquired it. Mr R retained his vehicle for two years past the end of his original hire agreement end date. So, when he handed back the car in March 2023, it was approximately five years old and had travelled around 36,000 miles. So, I would expect the level of what is considered fair wear and tear to be greater than if Mr R had returned his vehicle in March 2021 when his agreement was originally due to end.*

*In deciding whether NVS have acted fairly in relation to each charge, I've taken into consideration the terms and conditions of the hire purchase agreement, BVRLA's guidelines,*

as well as the age and mileage of the car when it was returned.

#### Rear bumper

*I've seen the photos provided by NVS of the rear bumper. Whilst I'm satisfied that the photo clearly shows that the bumper is out of alignment, I think a person acquiring a car of this age and mileage might expect some minor realignment might be required to some of the body parts. So, I don't think this damage is outside of fair wear and tear and NVS should remove the charge for £50 for it.*

#### Alloy wheels

*The BVRLA fair wear and tear standards say scuffs up to 50mm on the total circumference of the alloy wheels are acceptable. Any damage to the spokes, fascia or hub is not acceptable and there should be no corrosion or rust on the alloy wheels.*

*I've seen the photos provided by NVS of the alloy wheels. The front left has a large scuff over 50mm, the rear left has a large amount of scuffing over 100mm, and the rear right has corrosion and scuffing evident in the photo. I don't think a person acquiring a car of this age and mileage would expect this severity of damage, and so I think it falls outside of fair wear and tear. So, I find the charges of £195 have been fairly applied for these items.*

#### Tyres

*The BVRLA fair wear and tear standards say all tyres must meet minimum UK legal requirements with no damage to sidewalls or tread.*

*Mr R said he had the tyres replaced recently, and they recently passed an MOT, so they shouldn't now need to be replaced.*

*I've seen the photos provided by NVS and they show cracking to the two rear tyres and the front right tyre. There are a number of reasons that a tyre could show this cracking, such as age, heat or tyre pressure. It's not clear what's caused the cracking here, but I am satisfied that it is evident and that a person acquiring a car of this age and mileage wouldn't expect this damage to the tyres. So, I'm satisfied that it falls outside of fair wear and tear, and I find the charges of £553.41 have been fairly applied for these items.*

#### Scratches

*The BVRLA fair wear and tear standards say surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable, provided they can be polished out.*

*I've seen the photos provided by NVS of the scratch to the front bumper. Its over 100mm long and the primer or metal is showing. I don't think a person acquiring a car of this age and mileage would expect this severity of damage, and I think it falls outside of fair wear and tear. So, I find the charge of £175 has been fairly applied for this item.*

*I've seen the photos provided by NVS of the scratch to the sill extension. This is a large deep scratch with the bare metal showing. I don't think a person acquiring a car of this age and mileage would expect this severity of damage, and I think it falls outside of fair wear and tear. So, I find the charge of £75 has been fairly applied for this item.*

*I've seen the photos provided by NVS of the scratch to the rear door. This scratch is small, and although it's through the paint I think a person acquiring a car of this age and mileage*

would expect some wear of this nature. So, I don't think this damage is outside of fair wear and tear, and NVS should remove the £75 charge for it.

### Dents

*The BVRLA fair wear and tear standards say dents of 15mm or less in diameter are acceptable provided there are no more than two per panel and the paint surface is not broken.*

*I've seen the photos provided by NVS of the dent to the front wing. The photo doesn't clearly show the dent is over 15mm, and the paint surface isn't broken. I think a person acquiring a car of this age and mileage would expect some wear of this nature. So, I don't think this damage is outside of fair wear and tear, and NVS should remove the £60 charge for it.*

*Mr R has said that he wasn't party to the BVRLA guidelines, and he wasn't given an opportunity to address any wear and tear prior to the vehicle being collected.*

*I've seen evidence that the agreement sets out that the vehicle will be inspected in line with BVRLA guidelines, and it provides a link so that Mr R can access the guidelines, and a way for him to obtain these if he can't do so online. So, I'm satisfied that NVS provided the information to allow Mr R to assess any charges he might encounter at the end of the agreement in good time, and that he had an opportunity to assess the vehicle and repair or replace any items not in line with the vehicle return standards prior to the end of his agreement.*

*Mr R said there's no evidence that NVS completed any of the repairs they'd charged him for. There's no requirement in the agreement for NVS to evidence repairs they've made. And it's possible they decided for commercial reasons not to repair the damage, but I'm satisfied that Mr R is still liable to pay for the damage as outlined in the terms of the agreement regardless of any repairs NVS made.*

NVS didn't respond to my provisional decision

Mr R responded to my provisional decision. He said the rules, process and persons involved had not been considered, were not fit for purpose, and were being hidden behind.

### **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.

I set out in my provisional decision why I thought the inspection process was fair, and that I'm required to take into consideration industry guidelines when reaching my decision.

I appreciate that Mr R doesn't think the guidance is fit for purpose. This service doesn't have the power to change industry guidelines or processes, but I also set out in my provisional decision that I'd considered that this was guidance, and whilst I took it into consideration, I've also considered what is fair and reasonable in the circumstances of Mr R's complaint.

With no further arguments raised or new information provided by either party for me to consider, for the same reasoning that I set out in my provisional decision, I've decided to uphold this complaint.

### **Putting things right**

To settle matters, I find that NVS must:

- Remove the charge of £50 for the rear bumper
- Remove the charge of £75 for the scratch to the rear door.
- Remove the charge of £60 for the front wing dent.

This leaves damage charges of £998.51 for Mr R to pay.

### **My final decision**

My final decision is that I uphold this complaint and direct Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions to put things right in the manner set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 January 2024.

Zoe Merriman  
**Ombudsman**