

The complaint

Mr N has complained about damage charges applied by Mitsubishi HC Capital UK Plc (MHCC) under a hire agreement.

What happened

Mr N acquired a new car under a hire agreement with MHCC in January 2020 and handed the car back in March 2023. The mileage on hand back was around 23,000. Mr N complained about damage charges applied by MHCC. MHCC sent a final response and said it would charge £1,260 for damage it deemed outside of fair wear and tear.

The damage charged is in relation to:

Front wing R dent	£175
C post R dent	£175
Sill panel L dent	£175
Front door L dent	£175
Front bumper scratched	£75
Front wing L scratched	£140
Front door R door scratched	£140
Quarter panel L scratched	£140
Rear alloy wheel R scuffed	£65

Mr N referred his complaint to the Financial Ombudsman and said the charges were unreasonable. He requested a significant reduction. One of our investigators looked into things but thought the charges had been applied fairly.

Mr N disagreed. He said the rates for repair were not reflective of actual costs. As things couldn't be resolved, the complaint has been passed to me to make 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.

Mr N acquired the car using a regulated consumer hire agreement, and our service is able to consider complaints relating to these sorts of agreements.

The car was new when it was supplied to Mr N, so I think it's reasonable to assume it was supplied free from even minor defects. Therefore, any damage that was on the car when it was returned would've likely happened during the time it was with Mr N.

Like our investigator pointed out, I'm satisfied the hire agreement sets out Mr N was required to keep the vehicle in good condition and repair. And that he'd be responsible for any damage caused or deterioration of the car otherwise than through fair wear and tear. And it set out it would use the British Vehicle Rental and Leasing Association (BVRLA) guidelines. So I'm satisfied MHCC can charge Mr N for damage that's outside of fair wear and tear.

I've first thought about whether the damage was outside of fair wear and tear as per the BVRLA guidelines.

As far as dents go, the BVRLA says dents of 15mm or less in diameter are acceptable providing there are no more than two per panel and the paint surface isn't broken. And dents on the swage line of any panel aren't acceptable.

And with regards to scratches, the BVRLA says scratches aren't acceptable if they can't be polished out and primer or bare metal is showing.

MHCC is charging Mr N for four dents. It looks like the dent on the right front wing has caused paint damage. I think the dent on the right post is over 15mm and it looks to have caused paint damage. I think the left sill panel looks to be dented over 15mm. And I think the left front door has a dent over 15mm which has caused paint damage. And there are scratches on the door that may not be able to be polished out. So I think these would fall outside of fair wear and tear

There's a scratch on the bumper and two areas of damage on the left front wing that looks like they have gone through to the primer. The right front door has damage that has gone through to the primer or bare metal. And there are scratches on the quarter panel that I don't think can be polished out. So I think these would fall outside of fair wear and tear

The BVRLA guidance says any damage to the wheel spokes, wheel fascia, or hub of the wheel/alloy isn't acceptable. The rear alloy has damage on the spoke, so I think this falls outside of fair wear and tear as well.

Therefore, while I know Mr N will be disappointed, I don't find I have the grounds to say that the damages aren't outside of fair wear and tear. I appreciate he might think the individual areas of damage are relatively minor, but this is why certain firms will use an industry wide set of standards such as the BVRLA guidance to define what is fair wear and tear.

I think Mr N's key complaint is that the charges for the damage are too high. Meaning they could be repaired for less. And I can understand why he's disappointed to be charged a significant sum of £1,260. What I have to bear in mind though is that MHCC set out in the agreement Mr N signed that it would use the BVRLA guidance when assessing the damage. The charges are there to compensate MHCC for the cost of rectifying damage, even if it didn't decide to do that before selling the vehicle on. So MHCC would lose out if it was to repair the damage, or there'd likely have been a loss in resale value of the car if it was sold without repair. Moreover, Mr N could have arranged repair himself before handing the car back.

Mr N has been charged £175 for each of the dents. £140 for three of the scratches and £75 for the other. He's also been charged £65 for the damage on the alloy wheel. While I appreciate that cumulatively this is a lot of money, I don't find I have the grounds to say the individual charges are unfair. And while Mr N thinks the charges are excessive, there's nothing in the agreement or the BVRLA guidance that says MHCC can't charge what it would cost a manufacturer garage (for example) to rectify the damage. These charges seem to be in line with that. So while I sympathise, I'm not going to direct MHCC to take any action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or

reject my decision before 20 October 2023.

Simon Wingfield
Ombudsman