

The complaint

Mr K complains that Startline Motor Finance Limited unfairly applied end of contract charges when he handed a car back following voluntary termination of a hire purchase agreement.

What happened

In September 2016 Mr K entered into a 59-month hire purchase agreement for a used car. The car was around five years and had a mileage of 50,595.

In January 2020 Mr K decided to voluntarily terminate the agreement and hand the car back. Startline made arrangements for the car to be collected from Mr K's home. When the car was collected it was inspected and various scratches and chips to the car's bodywork were noted. Mr K signed the inspection report.

Five days after it had been collected, the car was inspected for a second time. This report noted the following damage and costs to repair:

- Front alloy cap corrosion/rust £20.95
- Front alloy wheel scuffed £60
- Front door mirror housing scuffed £42
- Upholstery soiled £50
- Quarter panel dent £48
- Rear alloy wheel £60
- Rear alloy centre cap £20.95
- Rear bumper – scratch £125
- Quarter panel dent £48
- Rear alloy centre cap £20.95
- Front door mirror housing - scuffed £42
- Front alloy centre cap right £20.95
- Front alloy wheel paint flaking £60

The total cost of the damage amounted to £618.80.

Mr K complained to Startline about the end of contract charges. He disputed the damage that had been noted in the second inspection report. Startline reviewed the charges and agreed that the costs of repairing an older car would be significantly less than a newer one. It reduced the charges for the damage to the car to £151.90 for the following items:

- Rear alloy wheel scuffed (L) - £60.00
- Front alloy centre cap corrosion (L) - £20.95
- Rear alloy centre cap corrosion - £20.95
- Upholstery soiled - £50.00

Mr K remained unhappy about the charges. Startline said although it accepted an older car would have a certain amount of wear and tear it was satisfied that the remaining charges were fair.

Mr K complained to this service. Our investigator recommended his complaint should be upheld. She said taking into account the age and mileage of the car she didn't think the damage to the car was beyond what would be considered fair wear and tear. Our investigator said Startline should waive the outstanding charges of £151.90.

Mr K agreed with our investigator's view but Startline disagreed. It said the age and mileage of the car had already been taken into account when it had reduced the charges from £618.80 to £151.90. It said the remaining charges were fair and were for damage that was beyond fair wear and tear for a vehicle of that age.

As the parties were unable to agree the complaint has been passed to me.

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.

Although the car was noted to have damage to its bodywork, bumper and alloys I shall concentrate on the four items of damage that Startline says it's fair for Mr K to be liable for and which amount to £151.90. So, that's the damage to the alloys and the staining on the upholstery.

Looking at the hire purchase agreement, I've seen that it was Mr K's responsibility to keep the car in "*a good and serviceable condition*". And if Mr K chose to return the car and terminate the agreement then he would be liable for the cost of any repairs required to put the car back in a good condition.

At the point the car was returned to Startline it was around nine years old and the mileage was 82,672. I think its accepted that a car of that age and mileage would be expected to have signs of wear and tear. So, the issue for me to decide is whether the damage found to the alloys and the staining to the seat was beyond what would reasonably be expected for a car of this age and use.

Startline says it has considered the British Vehicle Rental and Leasing Association's ("BVRLA") guidelines when reaching its view that the damage its charged is beyond fair wear and tear. These guidelines set the industry standard for what is and isn't considered to be fair wear and tear. However, they are intended to apply to a new car being returned after the first credit agreement so aren't designed to apply to older vehicles that are already used.

I've looked at the photos that have been supplied for the alloys and the stained seat. I accept the photos show that the rear alloy (left) has scuffing to the rim and that the front and rear alloys centre caps have some signs of corrosion. However, when considering the age and use of this car I'm satisfied that some damage to these parts would be expected. There wouldn't be an expectation they would be fault free unlike a newer car. Looking at this evidence, I don't think these photos show damage that's excessive but rather that it has arisen from fair wear and tear over time.

Looking at the photo of the upholstery, I again accept there are marks on one of the seats the cause of which is unclear. But a car that's been used regularly over a nine-year period wouldn't reasonably be expected to have mark free upholstery. I don't agree that the staining on this seat is beyond what would be expected as fair wear and tear of a vehicle of this age.

So, for the reasons given, I'm upholding Mr K's complaint as I consider the damage that is being charged for all arises under what would reasonably be considered as fair wear and tear.

Putting things right

I'm asking Startline to waive the remaining £151.90 from the end of contract charges.

My final decision

For the reasons set out above I'm upholding Mr K's complaint. I am asking Startline Motor Finance Limited to waive the remaining £151.90 from the end of contract charges.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 31 May 2022.

Jocelyn Griffith
Ombudsman