

The complaint

Mrs S complains about end of contract charges when her agreement with Santander Consumer (UK) Plc ended.

What happened

In September 2018 Mrs S was supplied with a car and entered into a contract hire agreement with Santander.

When the agreement ended, the car was inspected and collected. Following this, Santander asked Mrs S to pay charges for damage to the car.

Mrs S later found the car for sale at a garage and noticed that the damage hadn't been repaired.

Mrs S complained to Santander. She was unhappy that she'd been charged for damage which hadn't been repaired. She was also unhappy that collection of the car had been delayed, which had cost her additional insurance.

In response, Santander apologised for the delay in collecting the car and said it had credited Mrs S's account with £40. In relation to the end of contract charges, Santander said that the damage was outside of the guidelines for fair wear and tear and that the terms and conditions stated that Mrs S was obliged to pay for the damage but that Santander wasn't obliged to have the car repaired.

Mrs S wasn't happy with the response and brought her claim to this service.

Our investigator reviewed the damage and said he thought most of the charges had been applied fairly, with the exception of the damage to the front alloy and the bumper, which he didn't think fell outside fair wear and tear guidelines. The investigator said that the guidelines allowed Santander to apply charges for damage even though it might decide not to repair the damage before the car was sold.

Mrs S didn't agree. She said she couldn't see anything in her agreement which said that Santander could charge for repairs if the repairs weren't carried out.

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.

The terms and conditions of the agreement say that Mrs S must return the car in good condition and that any damage which exceeds fair wear and tear is the customers responsibility.

Fair wear and tear guidelines have been issued by the BVLRA and these are used as an industry standard to determine whether damage exceeds fair wear and tear.

Mrs S hasn't said that she disagrees with the damage she's been charged for. But for completeness, I've looked at the inspection report and the images, and I'm satisfied that the majority of the damage exceeds fair wear and tear. This is with the exception of the damage to the front alloy and the rear bumper, where I agree with the investigator that this damage doesn't go beyond fair wear and tear.

The nub of Mrs S's complaint is that she is unhappy that the damage for which she's been charged hasn't been repaired. So, I've looked at the agreement and the relevant guidelines to see whether Santander acted fairly.

The agreement says that Santander can charge Mrs S for damage which goes beyond fair wear and tear. The charges reflect what it would cost to repair the car. There's nothing in the agreement which obliges Santander to carry out the repairs before it sells the car. Once the agreement has ended, the car belongs to Santander, and it's up to Santander to choose whether to have the car repaired or not before it sells it. If the car isn't repaired, the charges are to compensate Santander for any diminution in value caused as a result of the damage.

The BVLRA guidelines state that charges can still be applied at the end of the agreement where the leasing company decides not to repair the damage before the car is sold.

Based on what I've seen and taking the terms and conditions of the agreement and the BVLRA guidelines into account, I'm unable to say that Santander has done anything wrong or acted unfairly by charging Mrs S for the damage.

Putting things right

I've already said that the charges for the front alloy (£60) and the rear bumper (£95) should be waived. The rest of the charges remain payable by Mrs S.

My final decision

My final decision is that I uphold the complaint in part. Santander Consumer (UK) Plc must waive the charges for the front alloy and the rear bumper.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 June 2022.

Emma Davy
Ombudsman