

The complaint

Mr L complains about the process followed, service received, and charges made by Vauxhall Finance Plc (VF) when he returned his vehicle at the end of his agreement.

What happened

Mr L entered a conditional sale agreement for a new vehicle in November 2016.

In September 2020 Mr L contacted VF to find out what the process was for handing back his vehicle, but he didn't receive a response.

The vehicle was collected in November 2020 by VF's collection agents. VF sent Mr L an invoice for damage totalling £1,606, but this was reduced to £1,085, which VF asked Mr L to pay.

In December 2020 Mr L complained to VF. He said the end of contract process in the agreement wasn't followed, he wasn't given any information about how handing the vehicle back would work, and he had no opportunity to repair the vehicle himself or consider keeping it.

VF provided their final response to Mr L's complaint in December 2020. They said that due to the coronavirus pandemic (Covid-19) they'd had to adapt their collection process in order to comply with social distancing guidelines. This meant that only a basic inspection was completed when the vehicle was collected, and a more detailed inspection was completed later at the auction house. This was to minimise the time the collection agent and Mr L were together.

VF said they'd reviewed the damage and reduced the charge to £1,085, and if Mr L had wanted to repair the vehicle, he would've had to do this before the vehicle was collected. They said the procedure to return vehicles wasn't fully explained to Mr L, and they apologised for this.

Unhappy with this Mr L brought his complaint to this service for investigation. He said VF gave no information to him about the process for handing the vehicle back, and according to the agreement, he should've received the list of repairs and costs, and then had a choice over whether to keep the car and make the final payments, or to return it and pay the repair bill.

Our investigator gave their view that the charges for damage had been applied fairly, it was reasonable that VF changed their collection process due to Covid-19, and that the contract made it clear that the vehicle needed to be returned free of damage. She said that VF could've done more to let Mr L know about the altered process for handing back a vehicle, and she recommended they pay Mr L £150 compensation to reflect the distress and inconvenience caused.

VF accepted our investigators recommendation.

Mr L didn't agree. He said the damage had been assessed against a set of standards that he knew nothing about, and he didn't feel that £150 was fair compensation.

As an agreement couldn't be reached, the case was passed to me for a decision. I issued a provisional decision on this complaint in May 2022 recommending that it was upheld. I made the following provisional findings:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr L signed a hire agreement in October 2016. The terms of the agreement set out what happens if Mr L decides to keep the car at the end of the agreement. Under section 13.2.1 the agreement says:

'The return option: if you want to return the vehicle ... you must at least 30 days before the final repayment is due... take the vehicle to the supplier, or as otherwise directed by us. We will obtain a report on the condition and mileage of the vehicle. The report will include details and estimates to repair any damage to the vehicle required to restore the vehicle to good repair and condition as set out in clause 20.2. we will ask you to sign the report. If you then decide that you wish to exercise the return option, you must notify us....'

Section 20.2 says:

'You will keep the vehicle in good condition and repair which means that the vehicle must... need no refurbishment for retail sale, be free from mechanical or body damage, in its original paintwork and trim and with its interior matching the original specification free from damage, all subject to fair wear and tear appropriate to the age and mileage of the vehicle.'

So, I'm satisfied that the usual collection process would've allowed Mr L an opportunity to have the car assessed, and receive a quotation for repair to the vehicle prior to deciding whether or not he wanted to return it, or pay the final payment to keep it. It would also have given Mr L an opportunity to have any repairs completed himself before handing the vehicle back.

The vehicle was collected at the end of the agreement in November 2020. VF explained why they had to change the collection process because of Covid-19. I think the change to VF's collection process was reasonable because businesses had to work differently in order to adhere to government guidelines.

Mr L contacted VF three months before the agreement was due to end asking for details of the return process, but VF didn't provide this.

VF said when Mr L contacted them, they should've given him information about the changed collection process and pointed Mr L to their website. The website contained details of what was considered fair wear and tear to a vehicle at the end of the contract, and also pointed to the charges for any damage outside of fair wear and tear.

VF apologised for not giving Mr L details of the collection process. Our investigator recommended VF pay Mr L £150 compensation for the distress and inconvenience caused. But I think VF need to do more here.

If Mr L had been given details of the revised collection process, he would've been able to see the wear and tear guide, which sets out acceptable damage to the vehicle including measurements, and reference to the industry standards set out by the British Vehicle Rental and Leasing Association (BVRLA).

It's difficult to say now what Mr L would've done had he been given this information, but he has lost the opportunity to make an informed decision. Mr L might have chosen to keep the vehicle and make the optional final payment, sell the vehicle privately, have the repairs completed himself or he might have done nothing differently. Mr L has returned the vehicle, so he can't now make one of the other choices. But I think the situation has caused severe distress and inconvenience to Mr L, and VF should pay him £500 compensation to reflect this, and the loss of opportunity.

I've gone on to consider whether the charges applied by VF are fair and reasonable. 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. Whilst I appreciate that Mr L didn't have access to these standards prior to retuning his vehicle, I think the vehicle would always have been assessed against them, so I think it's fair to use them to decide whether the charges have been fairly applied.

The damage that VF say is outside of fair wear and tear and therefore payable by Mr L is as follows:

*Nearside front sun visor- Lightly soiled - £25
Nearside front seat base cover – Lightly soiled - £25
Offside rear panel trim - Scuffed up to 25mm - £38
Nearside front glove box lid - Scuffed over 25mm - £45
Front bonnet – Scratched over 25mm not through - £25
Front bumper - Scratched 25 to 100mm through - £38
Nearside front wing – Scratched over 25mm not through - £25
Nearside A post – Scratched over 25mm not through - £25
Nearside door mirror – Scratched - £38
Nearside rear door - Scratched over 25mm not through - £25
Rear bumper – Scratched over 100mm through - £125
Boot lid - Scratched up to 25mm through - £38.00
Offside rear door - Scratched up to 25mm through - £38.00
Offside front door - Scratched up to 25mm through - £38.00
Roof - Scratched over 25mm through - £60.00
Roof - Scratched over 25mm not through - £25.00
Offside front wheel - Scratched up to 50mm - £60
Nearside front wheel – Scratched over 50mm - £60
Nearside front door – Dented between 10 and 30mm - £38
Nearside rear door – Dented with paint damage - £90
Nearside rear quarter panel – Dented with paint damage - £90
Offside rear quarter panel - Dented between 10 and 30mm - £38.00
Offside front wing - Dented between 10 and 30mm - £38
Offside A post - Chipped 1 To 5 - £38.00*

Soiling

The BVRLA fair wear and tear standards say that the interior upholstery and trim must be clean and odourless with no burns, scratches, tears, dents, or staining.

The photos provided by VF show soiling to the sun visor and seat cover, so I'm satisfied that the total charge of £50 has been fairly applied for these items.

Scuffs

The BVRLA fair wear and tear standards say that scuffs of 25mm or less are acceptable provided the moulding or trim is not broken, cracked or deformed.

The photo of the offside rear panel trim is not measured, and I can't see that the scuff is clearly over 25mm. The trim doesn't appear to be broken, cracked, or deformed. So, I don't think the charge of £38 has been fairly applied, and VF should remove it.

The photo of the glove box lid shows scuffs which are clearly over 25mm, so I'm satisfied that the charge of £45 has been fairly applied for this item.

Scratches

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

The photos of the front bonnet, nearside A post and nearside door mirror don't clearly show scratches outside of these parameters, so I don't think the total charges for these items of £88 has been fairly applied, and VF should remove them.

The photos of the front bumper, front wing, nearside rear door, rear bumper, boot lid, offside rear door, offside front door, and the two photos of the roof are measured and clearly show scratches over 25mm and through the paintwork. So, I'm satisfied that the total charge of £412 for these items has been fairly applied.

Wheels

The BVRLA fair wear and tear standards say that scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels are acceptable. Any damage to the wheel spokes isn't acceptable.

The photos of the front wheels clearly show scuffs over 50mm and on the spoke of the wheel. So, I'm satisfied that the total charge of £120 has been fairly applied for these items.

Dents

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

The photo of the offside rear quarter panel doesn't clearly show a dent over 15mm and the damage is described as being between 10 and 30mm. So, I don't think the charge of £38 for this item has been fairly applied, and VF should remove it.

The photos of the nearside front door, nearside rear quarter panel and offside front wing are measured, and clearly show dents over 15mm in diameter. So, I'm satisfied that the total charge of £166 for these items has been fairly applied.

The photo of the nearside rear door shows a dent with damage to the paint, so I'm satisfied that the charge of £90 has been fairly applied for this item.

Chips

The BVRLA fair wear and tear standards say that chips of 3mm or less in diameter are acceptable provided they aren't rusted.

The photo of the offside A post doesn't clearly show a chip over 3mm, and it's described as being between 1 and 5mm, so I don't think the charge of £38 for this item has been fairly applied, and VF should remove it.

Overall, VF should remove £202 from the damage charges for the reasons set out above, leaving £883 for Mr L to pay.

Mr L responded to my provisional decision to accept it.

VF responded to my provisional decision to say they had nothing further to add.

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.

As neither party has raised any new arguments, or sent me new information to consider, for the same reasoning that I set out in my provisional decision, I've decided to uphold this complaint.

My final decision

My final decision is that I uphold this complaint and Vauxhall Finance Plc must:

- Remove £202 from the damage Mr L is being charged for, leaving £883 to be paid.
- Pay Mr L £500 compensation for the distress and inconvenience caused. Mr L may choose whether to offset this amount against the damages he needs to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 July 2022.

Zoe Merriman
Ombudsman