

## The complaint

Mr M complains about the amount that he's been charged by Hyundai Capital UK Limited, trading as Hyundai Finance Contract Hire, for a missed service and damage to a car that he returned when his hire agreement ended.

## What happened

I issued a provisional decision on this complaint in October 2022 in which I described what had happened as follows:

*"A new car was supplied to Mr M under a hire agreement with Hyundai Finance in February 2019. The car was collected from him when the agreement ended in February 2022 and it was inspected by a third party on behalf of Hyundai Finance. The inspection report identified damage to three of the car's doors and that a service had been missed. Mr M was charged £250 for an incomplete service history and a total of £200 for the damage to the doors.*

*He complained to the British Vehicle Rental and Leasing Association and Hyundai Capital about those charges. The British Vehicle Rental and Leasing Association said that the damage charges had been correctly raised by Hyundai Finance and Hyundai Finance said that the charges had been applied correctly. Mr M wasn't satisfied with its response so complained to this service.*

*Our investigator didn't recommend that his complaint should be upheld. She was satisfied that the charge for the missing service of £250 had been applied correctly and that the damage to the car was outside fair wear and tear so the charge of £200 had been applied correctly.*

*Mr M has asked for his complaint to be considered by an ombudsman. He says, in summary, that:*

- the agreement states a fee of £100 plus VAT for a failure to service the car so his liability for the missed service should be limited to £100 plus VAT;*
- the picture of the right rear door doesn't show any bare metal or penetration of the primer coat and there's only one scratch so the £100 charge for the damage to that door should be removed;*
- one dent is shown on the left rear door and it's below the moulding lines so it should be considered normal wear and tear under the agreement and the charge removed; and*
- he accepts that there was damage to the left front door and he's already paid the charge for it".*

I said in my provisional decision: *"I consider that Mr M's complaint should be upheld in part for these reasons:*

- the car was collected from Mr M when the hire agreement ended in February*

*2022 and it was inspected by a third party on behalf of Hyundai Finance - the inspection report identified damage to three of the car's doors and that a service had been missed;*

- Mr M accepts that a service had been missed but says that the charge for that should be £100 plus VAT;*
- the hire agreement says: "The vehicle must be serviced in accordance with the manufacturer's recommended service intervals, using genuine parts, at a franchised dealer. If you do not meet this obligation, you may be liable to pay a fee of £100 plus VAT for each service interval which was not undertaken by a franchised dealer";*
- Hyundai Finance says that the £100 plus VAT charge applies if the car isn't serviced by a franchised dealer and that the charge that it's applied to Mr M is for the wear and tear guidelines not being adhered to for which the charge isn't specified so he's been charged £250;*
- it's clear that the car hadn't been: "... serviced in accordance with the manufacturer's recommended service intervals, using genuine parts, at a franchised dealer ..." – so Mr M hadn't met the obligation set out in the hire agreement and the service wasn't undertaken by a franchised dealer so I consider that the fee of £100 plus VAT that's set out in the agreement is applicable;*
- I accept that that may not have been what Hyundai Finance intended but it is its agreement and it could have specified the charge that would be applicable if the car had missed a service – but I consider that it was fair and reasonable for Mr M to understand that his liability for the missed service would be £100 plus VAT;*
- the inspection report includes photos of damage to three doors – Mr M accepts that there was damage to the left front door and he says that he's already paid the charge for that damage so I haven't considered that charge any further;*
- I consider that the reflection board used in the photo of the left rear door clearly shows a dent through the swage line of the door – the hire agreement includes a return condition schedule which says: "Multiple dents in any one panel and any dent greater than 10 millimetres in diameter on the bonnet, boot, roof, or above the body moulding lines on the sides of the vehicle is considered abnormal";*
- the dent in the left rear door is on the swage line and above the body moulding lines and appears to me to be more than 10mm in diameter so I consider that the damage is "abnormal wear and tear" and that's it's fair and reasonable for Hyundai Finance to charge Mr M for that damage;*
- the inspection report describes the damage to the right rear door as "scratched through paint" and the photo clearly shows two dark areas on the door and I consider it to be more likely than not that those dark areas are where there's a scratch through the paint;*
- the return condition schedule says: "Any scratch which penetrates the primer coat, dependent upon its position on the body, is considered abnormal wear and tear"; and: "Multiple scratches to the finish that cannot be removed by buffing constitute abnormal wear";*
- I consider that the damage to the right rear door is also "abnormal wear and tear" and that's it's fair and reasonable for Hyundai Finance to charge Mr M for that damage;*
- I'm not persuaded that there's enough evidence to show that the charges of £50*

*and £100 that Hyundai Finance has applied for the damage to the doors is inappropriate and I find that it's fair and reasonable for it to charge those amounts to Mr M; and*

- I find that Hyundai Finance should reduce the amount that it's charged Mr M for the missed service from £250 to £120 (which is £100 plus VAT) but I'm not persuaded that it would be fair or reasonable for me to require it to take any other action in response to his complaint".*

Subject to any further representations from Mr M and Hyundai Finance, my provisional decision was that I intended to uphold this complaint in part. Mr M says that it's clear that the damage to the left rear door is below the moulding line and the picture doesn't show clearly the size of the dent. He also says that penetrating the primer coat would need to evidence bare metal and the dark areas on the right rear door don't show any bare metal, no scratches are evident and no information has been supplied to show that buffing was unsuccessful. Hyundai Finance has accepted my provisional decision and has agreed to reduce the £250 charge applied for the missing service to £120.

### **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.

Having done so, I'm not persuaded that I should change my provisional decision. The damage to the left rear door is below the swage line but above the body moulding lines on the side of the car. The swage line is a crease or curvature in the side of the car's body used to create visual distinction and the body mouldings are decorative and protective parts fitted to the car's body. In this case, the relevant body moulding line will be below the door. I consider it to be more likely than not that the dent shown in the photo of the left rear door and in which a reflection board is used is more than 10mm in diameter.

I accept that no bare metal is showing where the right rear door has been damaged but the photo of that door shows two areas of damage to the paintwork where the coloured paint has been removed leaving two dark areas. I don't consider that the damage would be removed by buffing or that the damage would reasonably be considered to be fair wear and tear. I consider that the damage is "*abnormal wear*" in accordance with the return condition schedule.

I'm not persuaded that there's enough evidence to show that the charges of £50 and £100 that Hyundai Finance has applied for the damage to those doors is inappropriate and I find that it's fair and reasonable for it to charge those amounts to Mr M. Hyundai Finance has agreed to reduce the £250 charge applied for the missing service to £120.

### **Putting things right**

I find that it would be fair and reasonable in these circumstances for Hyundai Finance to reduce the amount that it's charged Mr M for the missed service from £250 to £120 – and it has agreed to do so. I'm not persuaded that it would be fair or reasonable for me to require it to reduce the amount that it's charged Mr M for the damage to the doors or to take any other action in response to his complaint.

### **My final decision**

My decision is that I uphold Mr M's complaint in part and I order Hyundai Capital UK Limited, trading as Hyundai Finance Contract Hire, to reduce the amount that it's charged Mr M for the missed service from £250 to £120.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 December 2022.

Jarrold Hastings  
**Ombudsman**