

## The complaint

Mrs E complains about end of contract charges levied by Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions (“Novuna”).

## What happened

Mrs E took out a hire agreement for a car with Novuna in 2017. The agreement was due to end after three years, but Mrs E extended it for an extra two years.

The hire agreement contained a term that Mrs E was responsible for any damage and/or deterioration caused to the car otherwise through fair wear and tear, as indicated in the guidelines issued from time to time by the British Vehicle Rental and Leasing Association (“BVRLA”) (the industry guidelines for assessing fair wear and tear upon the return of a hired vehicle). It required her to pay compensation to Novuna if, upon the return of the car at the end of the agreement, there was a failure to comply with this.

When Mrs E was due to return the car at the end of the hire period, Novuna sent an agent to inspect it. The agent completed a report recording the following items of damage:

reference	item	description	charge
item one	front bumper	dull paint	bumper corner £75
item two	bonnet	preparation marks, poor repair	refinish £140
item three	front bumper	misaligned	refit £50
item four	sill panel L	scratched through paint	smart repair £75
item five	C post L	dent, paint damage	multiple repair and finish £175
item six	rear bumper	misaligned	refit £50
item seven	C post R	dent, minor paint damage	PDR £60
item eight	B post R	scratched through paint	refinish £140
item nine	sill panel R	scratched through paint	smart repair £75
Total			£840

Novuna asked Mrs E to pay it £840. Mrs E was unhappy with this. She said she'd paid a considerable sum of money to a third party in the month before the car was returned to ensure it was in 'excellent condition' and had travelled around 14,000 miles below the permitted mileage in the agreement. So, she didn't think it was reasonable to be asked to pay this amount.

Novuna re-reviewed the inspection but said it still considered all of the items to be chargeable when measured against the BVRLA guidelines.

Unhappy with this response, Mrs E brought her complaint to this service.

An investigator thought Mrs E's complaint should be upheld in part. He said the photographs taken at the time of the inspection didn't persuade him that Novuna had fairly charged Mrs E for items one, two, three and six. But he thought Novuna had fairly charged Mrs E for the remaining items as the damage appeared to be outside the tolerance levels for fair and wear and tear in the BVRLA guidelines. He asked Novuna remove the sums charged in items one, two, three and six from Mrs E's liability to it.

Mrs E didn't fully agree with the investigator. She said Novuna should consider the fact she had the car two years longer than originally planned and should also consider the overall condition the car was returned in.

Novuna didn't fully agree with the investigator either. It agreed to remove the charges in respect of items one and two. However, it said it still considered that the photographs from the inspection evidenced the misalignments described in the report for items three and six.

The complaint was therefore referred to an ombudsman for further review.

### **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.

I've given consideration to the fact the hire agreement effectively permitted Novuna to seek compensation from Mrs E if, when the car was returned, there was damage or deterioration that was beyond fair wear and tear – as indicated in the BVRLA guidelines. But I've also thought about what is fair and reasonable overall in the circumstances of Mrs E's complaint.

Novuna has agreed that it won't charge Mrs E for items one and two. So, I will not consider those further in this decision, save to say that like the investigator, I'm not persuaded the photographs showed what the inspection said they did. So it was fair for Novuna to reduce Mrs E liability to it in respect of these two items.

I've thought about whether the remaining items met the required standard for fair wear and tear in the BVRLA guidelines as per the hire agreement. I'll then go to on consider more generally whether it was fair for Novuna to charge Mrs E for those items.

#### **Item three**

There's no mention of panel alignment in the BVRLA guidance. But in any event, looking at the photograph that has been provided, it's not clear enough to me the panel was misaligned. I can't tell from the picture what the correct alignment should have looked like. So, I don't think Novuna has evidenced that it fairly charged for this item and should reduce Mrs E's liability to it accordingly.

#### **Item four**

The BVRLA guidelines set out that scratches below a certain length are acceptable if the primer or bare metal is not showing or they can be polished out. The bare metal is showing

in the photograph of this item. So, I think Novuna has evidenced that this item was not fair wear and tear as per the BVRLA guidelines.

Item five

Again, the photograph of this item shows the scratch either looks like it couldn't be polished out, or the primer is showing. And there appears to be a dent larger than 15mm, which is also not acceptable wear and tear under the guidelines. So, I think Novuna has evidenced that this item was not fair wear and tear as per the BVRLA guidelines.

Item six

The photograph is taken in very close proximity which makes it difficult to know what the panel alignment should have looked like. It's not clear enough to me the panel was misaligned. So, I don't think Novuna has evidenced that it fairly charged for this and should reduce Mrs E's liability to accordingly.

Item seven

The photograph shows the bare metal or primer is showing or the scratch can't be polished out. I think Novuna has evidenced this item was not fair wear and tear as per the BVRLA guidelines.

Item eight

The photograph shows the bare metal or primer is showing. I think Novuna has evidenced this item was not fair wear and tear as per the BVRLA guidelines.

Item nine

There are several small scratches where at least the primer is showing. I think Novuna has evidenced this item was not fair wear and tear as per the BVRLA guidelines.

Overall, like the investigator, the evidence persuades me that items four, five, seven, eight and nine were not items of fair wear and tear in accordance with the BVRLA guidelines. Under the terms of the agreement it therefore appears Novuna was permitted to charge Mrs E for these items. From what I've seen, the amounts Novuna asked Mrs E to pay do not appear to have been unreasonable for the kind of damage identified and its likely they broadly reflected either the potential cost of repair or potential loss of value to the vehicle.

That's not the end of the matter however and I've thought about whether overall it was still fair to charge Mrs E for these items.

Mrs E said she had the car two years longer than originally planned and this should be taken into consideration. Were the car already used or older and not brand new when it was supplied to Mrs E, I might've agreed this made a difference here. The BVRLA guidelines were intended to assist in the assessment of fair wear and tear upon the return of new vehicles at the end of a typical hire period. However, five years was not an unusually long period of hire. So, I think it was still fair for Novuna to hold the car to the standards set out in the BVRLA guidelines in this respect.

I've considered the other points Mrs E raised such as her having driven a lot less than the permitted mileage and her having paid for other work on the car to get it up to standard before it was returned. But these things do not persuade me Novuna unfairly charged her for the items it appears it was permitted to make a charge for under the terms of its agreement.

The items appear to have been relatively prominent. And I've no reason to believe Mrs E was not aware of the return standards before she returned the car.

Overall therefore I think a fair and reasonable outcome to this complaint is that Novuna should reduce Mrs E's liability to it in respect of items one to nine by £315.

### **My final decision**

My final decision is that I uphold Mrs E's complaint in part. To put things right Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions must reduce Mrs E's liability to it in respect of items one to nine to £525. If Mrs E has made any payments to it in respect of these items in excess of this amount, it should refund this to Mrs E plus interest at 8% simple per annum from the date it was paid until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 28 April 2023.

Michael Ball  
**Ombudsman**