

The complaint

Mrs W complains about the end of contract charges ALD Automotive Limited (“ALD”) applied when she returned her car, and the way it handled her complaint.

What happened

In November 2018 Mrs W entered a hire agreement with ALD for a new car. The agreement was for 36 months.

When the agreement came to an end, a collection and inspection was arranged on 13 May 2022. The collection agent said the rear brake light was loose and told Mrs W’s husband to take it off to tighten it, whilst doing this the casing broke, after a lengthy telephone call the collection agent decided to abort the collection, as the rear light was a MOT failure. Mrs W was told that she’d be contacted with a new inspection date, but didn’t hear anything, until she chased this, the collection was rescheduled to the 27 May 2022, but later postponed until 30 May 2022.

Mrs W complained to ALD, she was unhappy she had been invoiced for multiple damaged items and said that some damage noted in the second inspection report hadn’t been picked up in the first inspection report, so felt the damage must have occurred after the original collection date. She was also unhappy that ALD had applied a late hire fee, and an abort fee as the delay in collection was due to the collection agent’s actions. Mrs W said she had serviced the car at the required interval, so didn’t think she should pay a missing service charge. Mrs W was also charged for excess mileage.

ALD agreed to remove all damage items with exception to the damage to three alloy wheels (totalling £150), which both inspection reports had noted. It also agreed to remove the abort and missing service fees. In relation to the late hire fees, it agreed that Mrs W should only be charged a late fee up until the original collection date on 13 May 2022. It recalculated that Mrs W owed £133.07 in late fees but agreed to remove this charge as a gesture of goodwill to reflect the problems experienced.

Mrs W remained unhappy, she didn’t think the credit of £133.07 went far enough to reflect the stress of having the charges hanging over her or the inconvenience caused by the appraisal process. She referred the complaint to our service.

One of our investigator’s looked into the complaint. She thought it was fair for ALD to apply the remaining charges for the damaged alloys and excess mileage. But she didn’t think the £133.07 credit, went far enough, she thought ALD should issue an apology and pay Mrs W £100 to reflect the stress and inconvenience caused.

ALD accepted the investigator’s recommendation, Mrs W didn’t. She didn’t think the compensation went far enough.

In the interim ALD offered to pay Mrs W £200 compensation. Mrs W remains unhappy so the complaint has been passed to me to make a final decision.

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 read the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome. And our rules allow me to do this, this reflects our informal, free service as an alternative to the courts.

Mrs W complains about charges in relation to a hire agreement. Entering into regulated consumer credit contracts like this is a regulated activity, so I'm satisfied I can consider Mrs W's complaint about ALD.

Mrs W has only responded about the level of compensation, so it's not clear if she now accepts the outstanding excess mileage fee and the alloy damage charges. For completeness I will consider whether I think it's reasonable for ALD to apply these charges, before considering whether ALD needs to pay Mrs W more compensation.

alloy damage & excess mileage charges

I've firstly thought about whether ALD can charge Mrs W for damage. Looking at the terms and conditions of Mrs W's agreement, this says

"10. Return of the Vehicle

10.3 The state of repair and condition of the Vehicle is to be consistent with its mileage, assuming good treatment and allowing for Fair Wear and Tear. The customer will pay to ALD all sums necessary, including Excess Mileage charges, to restore the Vehicle to a roadworthy condition satisfactory to ALD....."

So, considering this, I think Mrs W agreed to return the car in a condition in line with the industry guidelines for what is considered fair wear and tear, and I'm satisfied she agreed to be charged if this wasn't the case.

The industry wear and tear guidelines are provided by British Vehicle Rental and Leasing Association (BVRLA).

In relation to the alloy wheels the BVRLA guidance says "scuffs up to 50mm on the total on the circumference of the wheel rim and alloy wheels are acceptable. Any damage to the wheel spokes, wheel fascia, or hub of the alloy wheels not acceptable. There should be no rust or corrosion on the alloy wheels."

I can see that both inspection reports note the damage to the three alloy wheels, so I'm satisfied that this damage was present at the original collection date. And I think it's clear from the images that the damage to the three alloys, exceed the BVRLA allowance. So, I think it's fair for ALD to apply the £150 charge for the alloy wheels. In the circumstances, I won't be asking it to reduce or remove this charge.

Mrs W hasn't specifically disputed the excess mileage charge of £391.93, but I've considered whether ALD can fairly apply this. Mrs W exceeded the mileage set out in the agreement by 4,568 miles. And in accordance with her agreement, she was charged 7.15 per extra mile. I'm satisfied that Mrs W has been charged correctly with the addition of VAT, so I think it's fair for ALD to require Mrs W to pay this charge.

customer services

ALD doesn't dispute that Mrs W didn't have a good customer journey during its appraisal process and accepts there was a delay in responding to her complaint. Which meant Mrs W had to wait 14 weeks to have the charges removed and she has told us how stressful this was.

ALD removed the £133.07 late charge which was payable up until the original collection date on 13 May 2022. And it has since offered to pay Mrs W a further £200 to reflect the stress and inconvenience caused.

Mrs W says it isn't about the money but more so the principle, she has suggested that a compensation payment in the region of £300 would be more appropriate. Calculating compensation isn't a scientific exercise and it is not our role to penalise or punish the business. I accept Mrs W was caused stress and frustration and has spent time pursuing this matter. However, in all the circumstances, I think that ALD's £200 offer, in addition to the £133.07 late charge already credited, is fair and reasonable in the circumstances.

My final decision

My final decision is I partly uphold this complaint and direct ALD Automotive Limited to;

- issue Mrs W an apology, if it hasn't already done so
- pay Mrs W £200 compensation to reflect the stress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 19 April 2023.

Karen Dennis
Ombudsman