

The complaint

Mr O complains about charges for damage when he returned his car at the end of a hire agreement provided by Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions ("Novuna").

What happened

On 1 March 2018 Mr O took out a hire agreement with Novuna for a car. When Mr O reached the end of his agreement, in March 2023, a company I'll refer to as M did an inspection. Within the inspection it noted the following charges were applicable:

Damage	Charge
Quarter Panel L Dent	£60
Quarter Panel R Dent	£60
Rear Alloy Wheel R Scuffed	£65
Front Alloy Wheel R Scuffed	£65
Front Alloy Wheel L Scuffed	£65
Front Door R Dent	£60
Front Door L Scratched	£75
Remote Key Broken	£117.20
Front Bumper (unpainted) Scratched	£75
Total	£642.20

The report also noted the MOT was valid until 30 September 2021 and that the V5C wasn't available.

Whilst Mr O appeared to agree with the charges on the wheel rims and scratch on the front bumper, he was unhappy with the other charges listed on the inspection. Mr O also thought Novuna should take into consideration the age of the car and how it had been given back with less miles than what was in the agreement. Novuna investigated Mr O's complaint and issued its final response not upholding it.

In summary, Novuna said the inspector who looked at Mr O's car was fully trained to the British Vehicle Rental and Leasing Association (BVRLA) standards. Based on the inspection report as the damage fell outside of the defined fair wear and tear standard, Novuna said it was entitled to charge Mr O for this.

Mr O remained unhappy and referred his complaint to our service. He felt his car was within the fair wear and tear allowance, as laid down by the BVRLA, and didn't agree to all the charges. Mr O also mentioned how the MOT expiry date was noted incorrectly on the inspection report and why he thought returning the car with less mileage should've been taken into account when considering the charges to the car.

Our investigator considered Mr O's case but didn't think the complaint should be upheld. In summary, they thought the damages fell outside of fair wear and tear guidelines, and thought the charges were fair.

The investigator also explained that the incorrect information regarding the MOT had no financial impact on Mr O and couldn't be offset against the charges he owed Novuna. With regards to returning the car with less mileage, the investigator didn't see anything under the agreement, which said that by doing so, Mr O would be offered any reimbursement, or that he wouldn't have to pay for the damages to the car.

While Mr O acknowledged responsibility for the charges related to the key and the wheel rim, he believed that a fair amount to charge him would be around £375. Anything exceeding this seemed unreasonable and unfair to him. Mr O also questioned the feasibility of assessing the car damages solely from a photograph and thought a fair settlement would've taken into consideration what Novuna received for the car when they sold it.

As this couldn't be resolved, the case has now been passed to me to decide

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.

Mr O 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 Mr O's complaint about Novuna.

I've firstly thought about whether Novuna could charge Mr O for damage to the car. Looking at the agreement he took out, the terms and conditions of the agreement say that Mr O must *"keep the vehicle in good condition and repair"*. It also goes on to say, *"At the end of the agreement, you must return the vehicle in good condition, allowing for fair wear and tear. In determining 'fair wear and tear', we apply the recognised industry standards published by the British Vehicle Rental and Leasing Association. You will be charged for any damage outside of fair wear and tear."*

So, I'm satisfied that Mr O was responsible for returning the car in good condition, and that the car's condition would be assessed against the guidelines issued by the British Vehicle Rental and Leasing Association (BVRLA).

But the question here is whether all the charges applied by Novuna are fair and reasonable. Fair wear and tear guidelines have been issued by the BVRLA and these are accepted as an industry standard in determining whether any damage goes beyond fair wear and tear. So, I've taken these into account when deciding what is fair and reasonable for Novuna to charge Mr O.

As Mr O accepts the damage to the keys, I won't consider this charge further. Whilst Mr O also said he accepted the damage to the wheel rim, as it wasn't clear if he accepted all three charges in relation to the wheels, I have gone on to consider this below.

In relation to the wheels, the BVRLA says:

"Scuffs of up to 50mm on the total circumference of the wheel rim and on alloy wheels/wheel hubs are acceptable"

"Any damage to the wheel spokes, wheel fascia, or hub of the wheel/alloy is not acceptable"

Looking at the photos from M, the two alloys shown have obvious damage exceeding 50mm to the rim of the wheel. And one of the alloys also has obvious damage to the spokes. So, I'm satisfied the alloys that were charged had damage outside of fair wear and tear according to the BVRLA.

In relation to the bumper, the BVRLA says:

"Surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided they can be polished out."

Looking at the photo from M, there is an obvious scratch to the bumper. I'm satisfied this is both over 50mm and has gone through the paintwork. It follows I'm satisfied this falls outside of the BVRLA guidelines.

In relation to the dents the BVRLA says: "Dents of 15mm or less in diameter are acceptable provided there are no more than two per panel and the paint surface is not broken."

Looking at the photos of the quarter panel, I'm satisfied the dent in quarter panel R, quarter panel L and the dent in the front door R is over 15mm in diameter. So, they fall outside of the BVRLA guidelines.

In terms of scratches, the BVRLA says "Surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided they can be polished out".

Whilst the scratch to the front door L, doesn't appear to be over 25mm, it does appear that it can't be polished out, so I am satisfied the damage falls outside of reasonable wear and tear.

I've taken note of Mr O's concerns about the incorrect MOT date mentioned during the inspection, but since Novuna didn't charge him for this error, it doesn't appear to have financially disadvantaged him. Therefore, I don't think it's relevant when considering what he is being charged under the agreement for damages.

I appreciate Mr O also mentioned how he used less miles than what was in his agreement. However, I can't see anything in the agreement which states that this will be taken into consideration when reviewing any charges applicable for damages to the car. And so, the lower mileage can't be considered against the damages that were found on the car.

Whilst I appreciate Mr O will be disappointed, taking everything into consideration, I'm satisfied all of the damages charged by Novuna falls outside of the fair wear and tear guidance, and Mr O is being charged in accordance to his agreement.

My final decision

I don't uphold Mr O's complaint against Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions ("Novuna").

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 22 April 2024.

Farhana Akhtar
Ombudsman