

The complaint

Mr P complains about the charges ALD Automotive Limited ("ALD") applied when he returned a car at the end of his lease agreement.

What happened

Mr P entered into a hire agreement with ALD; the agreement ended in August 2023 and Mr P arranged for the car to be collected. He was unhappy with the end of contract charges that were applied when he returned the car.

Mr P told us that he had been informed by ALD before he returned the vehicle that the damage to his alloy wheels would not be chargeable. He said it was unfair that he had been charged £270 for damage to the three wheels. He complained to ALD.

Mr P doesn't dispute the damage to the wheels was present at the time of collection, although he has said it should constitute fair wear and tear given the age of the vehicle. He said that he had a conversation with ALD a couple of months before the collection when he was reassured that damage to the outside of the wheels would not be chargeable, but damage to the central spoke would be chargeable.

ALD rejected Mr P's complaint. It said the car was collected by an inspector, fully trained to the British Vehicle Rental and Leasing Association (BVRLA) under the 'Inspect and Collect' process. The inspector inspected the vehicle at collection and the report was used to calculate the charges for the vehicle conditions which fall outside of the defined wear and tear standard. It also said it had no evidence that Mr P had been told the damage to his wheels would not be chargeable.

Mr P didn't agree with ALD and so brought his complaint to this Service.

Our investigator looked at this complaint and concluded that the charges were fair and that there was no evidence that Mr P had been reassured the damage would not be chargeable. He didn't think Mr P's complaint should be upheld.

Mr P didn't agree that his complaint about the charges shouldn't be upheld. As Mr P didn't agree with the investigator's view he asked for an ombudsman to review his complaint.

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've reached the same conclusion as our investigator and for broadly the same reasons.

The terms and conditions of the agreement, signed by Mr P, sets out Mr P's obligations in terms of keeping the vehicle in good condition and repair in line with the guidelines issued from time to time by the BVRLA. I've read this carefully, and I'm satisfied that Mr P was responsible for returning the car in good condition, but the question is whether all the charges applied by ALD are fair and reasonable.

ALD's inspection identified that three of the four alloy wheels had areas of damage that it deemed to be unacceptable - outside fair wear and tear. It charged £90 for each of these, making a total of £290 it seeks to recover from Mr P.

Mr P doesn't dispute that the wheels were damaged. But he says it was fair wear and tear. And he says he spoke with ALD before he handed the car back and they said the damage wouldn't be chargeable.

Fair wear and tear guidelines have been issued by the British Vehicle Rental and Leasing Association (BVRLA) and these are accepted as an industry standard in determining whether any damage goes beyond fair wear and tear. This is the standard that ALD applied following the inspection.

The BVRLA guidance sets out the standard regarding fair wear and tear. I've looked carefully at what it says in regard to alloy wheels. It says:

"Dents on wheel rims and wheel trims are not acceptable. Scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels/wheel hubs are acceptable. And damage to the wheel spokes, wheel fascia, or hub of the wheel/alloy is not acceptable."

Again, I reiterate that Mr P does not dispute that the wheels were damaged such that they were deemed unacceptable. But he says he was led to believe that they would have been acceptable and, he intimates, had he believed otherwise he would have ensured they were repaired before he returned the vehicle. He did, however, later submit that the BVRLA guidance is not reasonable for a car of the age of his vehicle and also that as ALD did not end up repairing the damage before the car was auctioned that this was also unfair.

Mr P says that he was told in a conversation with ALD on 7 June 2023 that this was the case. ALD has provided evidence of when it spoke with Mr P and there is no evidence Mr P spoke with ALD on that day. ALD has provided a call recording of a conversation with Mr P on 19 June 2023 in which Mr P seeks to clarify whether damage to his wheels would be deemed acceptable. He tells the agent that there has been some confusion, suggesting that there may have been earlier conversations in which he had received conflicting information.

Understandably, without seeing the wheels and without being a qualified assessor, the agent declined to advise Mr P about this. They directed Mr P to the BVRLA guidance.

So, even if Mr P had been poorly advised in an earlier phone call (and I have no evidence to support that he was), his later conversation with ALD advised him that the damage would be assessed in line with BVRLA guidance and told him how he could find this guidance. Mr P did not return the car until two months later, so he had the opportunity to make good the damage.

Mr P has also complained that the BVRLA guidance on fair wear and tear in relation to a vehicle the age of Mr P's car was unreasonable. Mr P says that a car dealership told him that the damage was too little to impact the resale of the vehicle. Mr P says that the repairs weren't carried out before the vehicle was sold on again, so it is not fair to impose the charges.

However, the charges can still be applied, even if the lender decides not to carry out repairs before it is sold. And it is reasonable to consider that a car of the same make, model, age and mileage with no scuffs and scrapes will attract a higher price than one which does have scuffs and scrapes. Regardless of whether ALD actually realised a loss, Mr P had a contractual obligation to pay for damages to the car that were deemed to be outside of fair wear and tear, regardless of what ALD did with the car when it was returned to them.

As I have explained, the BVRLA guidance is the industry standard for assessing damage. I do not think the guidance was unfairly applied, even given the age of Mr P's car.

Given all of the above, I'm satisfied that the charges ALD told Mr P he had to pay were applied fairly and in line with relevant industry guidance.

My final decision

My final decision is that I do not uphold this complaint. It follows that ALD Automotive Limited doesn't have to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 June 2024.

Sally Allbeury
Ombudsman