

The complaint

Mr W complains about the charges Mitsubishi HC Capital UK PLC, trading as Novuna Vehicle Solutions ("Novuna"), applied when he returned a car at the end of his hire agreement.

What happened

Mr W entered into a hire agreement with Novuna on 1 December 2018; the agreement ended in January 2024 and Mr W arranged for the car to be collected. He was unhappy with the end of contract charges of £735.15 that were applied when he returned the car.

Mr W complained to Novuna about the charges. He said that the damage to the vehicle should be considered as fair wear and tear and that greater consideration should have been given to the age of the vehicle when it was returned.

Novuna rejected Mr W'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.

In its response, Novuna told Mr W that it had already made a deduction of 13% to the charges to account for the fact the vehicle was now five years old. The total for the damages would otherwise have been £845. Novuna reviewed all of the charges but maintained that they were correctly applied. Novuna did, however, offer to reduce the total by £150 as a gesture of goodwill in recognition of *'the effect the current economic climate is having on our customers.'* This left a total of £585.15 to be paid.

Mr W did not agree with Novuna, so he brought his complaint to this service. Our investigator reviewed Mr W's complaint, including all of the charges, and concluded that they were fair. Mr W did not agree with this outcome and so his complaint has 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.

Having done so, I've reached the same conclusion as our investigator for the same reasons.

Our investigator provided a very detailed response to Mr W's complaint. I can add little to their findings. But for clarity, I will set out those findings.

The terms and conditions of the agreement signed by Mr W sets out Mr W'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 British Vehicle Rental and Leasing Association (BVRLA). I've read this carefully, and I'm satisfied that Mr W was responsible for returning the car in good condition, but the question is whether all the charges applied by Novuna are fair and reasonable.

Mr W submits that due to the length of the agreement greater consideration should have been given to what constituted fair wear and tear for a vehicle that was five years old. BVRLA guidance generally applies to vehicles four years or less from first registration.

Novuna didn't initially explain to Mr W that it had reduced the charges for the damage by 13% to reflect the fact the vehicle was a year older than those to which the BVRLA guidance generally applies. It only explained this to Mr W when he complained. I can understand why Mr W might have been suspicious and I think it would have been good practice for Novuna to have made this clear at the time. However, having reviewed the charges and the pricing matrix I am satisfied that the sums were reduced by 13% before Mr W was initially billed.

Novuna's agent's inspection identified 12 areas of damage which were outside fair wear and tear. Mr W accepted that three of the charges were fair, leaving nine areas of damage to consider.

Our investigator reviewed each charge, along with the photographs of the damage which were taken at the time of the inspection. Each photograph included a measuring tool to show the size of the damage. Our investigator explained in detail how they considered each area of damage wasn't acceptable as fair wear and tear, citing the standards set out in BVRLA guidance, and explaining that they considered the charges were reasonable.

It is not necessary for me to repeat the analysis of each area of damage here as neither party has disputed those specific findings (other than Mr W's general complaint that they constitute fair wear and tear). However, I have reviewed each individual image myself and can confirm that I am satisfied the investigator's analysis is correct and that the charges were fairly applied.

Mr W says that the damage is reasonable given exposure of the vehicle to the weather and that the car may have been damaged by other car owners opening their doors against his in car parks over the years. Of course, even if the damage had been caused by other people or circumstances outside Mr W's control, this doesn't mean that the car can be returned with damage beyond fair wear and tear. Mr W says that there should be *'acceptance that given the time the criteria in the BVRLA guidance could be judged within an alternative tolerance for fair wear and tear'*. He says that the level of discount was not publicised and is *'a clear acknowledgement that fair wear and tear should be treated differently on the lease length I had.'*

I think that's exactly what the 13% discount is designed to reflect – that a five year old car will likely have more fair wear and tear than a four year old car. It will not cost Novuna less to repair a scratch or a dent on a five year old car than on a four year old car, and a scratch on an older car will likely have less of an impact on resale price than a scratch on a newer vehicle. Effectively, in these circumstances, Mr W and Novuna 'share' the costs proportionately of repairing the damage or the impact of the damage on the vehicle's resale price, rather than Mr W taking the full burden as he would have done had the vehicle been a year younger. While the specific discount may not have been clearly articulated to Mr W, I think the level of discount on the cost of repairs is fair and reasonable in the way it reflects an incremental deterioration in a car's condition over the course of its life.

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 W's car.

Given all of the above, I'm satisfied that the charges Novuna told Mr W he had to pay were applied fairly and in line with relevant industry guidance and best practice. This means I don't think Novuna has done anything wrong.

My final decision

My final decision is that I do not uphold this complaint. I do not consider that Mitsubishi HC Capital UK PLC, trading as Novuna Vehicle Solutions, acted unfairly or unreasonably and so I do not direct that it does anything further.

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

Sally Allbeury
Ombudsman