

## The complaint

Mrs M complains about the damage charges applied by BMW Financial Services(GB) Limited trading as BMW Financial Services (BMWFS) when she voluntarily terminated her car finance agreement.

## What happened

In December 2017, Mrs M entered into a 48 month hire purchase agreement for a used car. In July 2021, she decided to voluntarily terminate the agreement.

The car was collected and as per BMWFS' return process, it was inspected. Damage was found. BMWFS said Mrs M needed to pay around £1,588 for the damages. Unhappy with the same she complained. The damages were listed as follows:

| No. | Area           | Damage      | Charge               |
|-----|----------------|-------------|----------------------|
| 1   | Wheel LHF      | Scratched   | £68                  |
| 2   | Wheel LHR      | Scratched   | £68                  |
| 3   | Bumper grill   | Insecure    | £26                  |
| 4   | Bumper (front) | Broken      | £1104                |
| 5   | Door LHF       | Dented      | £119                 |
| 6   | Door LHR       | Scratched   | £45                  |
| 7   | Door RHF       | Paint chips | £106                 |
| 8   | Tailgate       | Dented      | £119 (later reduced) |
| 9   | Parcel shelf   | Missing     | £77.60               |

BMWFS said based on the reports provided to them, they were satisfied the damage charges had been correctly applied because it was beyond what they considered to be fair wear and tear.

Unhappy with their response, the complaint was referred to our service. Our investigator recommended the complaint was partially upheld. With the exception of the parcel shelf, he said BMWFS were entitled to charge for all of the other damages. She also said BMWFS should pay £75 compensation for the poor level of customer service.

BMWFS accepted the findings but said the compensation would be paid towards the outstanding balance rather than to Mrs M directly. They also confirmed as the charges hadn't been paid since July 2021, it would've been reported to the credit reference agencies (CRAs).

Mrs M disagreed and maintained her stance. In summary she said:

- She believed the car had been inspected twice but she had only been provided with one inspection report despite her repeated requests for the same;
- She accepts some of the damages and is willing to pay the associated charges – the wheels, the insecure bumper, doors and the tailgate;
- She believed some of the damage was caused after the car was collected from her;

- The bumper wasn't broken, the grill had been dislodged and she was told by the collection agent it could be 'popped' back into place;
- The damage charges were excessive;
- She wants BMWFS to remove the adverse information from her credit file as she says it will have a negative impact on her career.

In March 2024, I issued a provisional decision outlining my intentions to partially uphold the complaint. I said:

*"The terms of the agreement outlines when the car is returned, it would be inspected and if it isn't in good condition, charges will apply. It provides a link for BMWFS' return standards. Mrs M signed the agreement in December 2017 so I'm satisfied she was aware of the same.*

*This means BMWFS are entitled to apply damage charges should the car not meet their return standards. While their return standards are a key consideration, I've also considered the guidance of the British Vehicle Rental & Leasing Association (BVRLA). It is used industry wide to assess damage when cars have been returned as part of the hire purchase agreement.*

*Mrs M has confirmed she accepts the damage caused to the wheels, insecure bumper, tailgate and the doors (LHF & RHF). As she's not disputing those charges, I won't be commenting on them. Instead I will focus on the damage charges she doesn't agree with.*

#### *The bumper*

*The inspection report says the front bumper is broken, and it's not secure. Having seen the pictures, it's clear the bumper isn't set in place as it should be. I note Mrs M's comments that she was told by the collection agent that it could be popped back into place. This supports the fact the damage was present at the time the car was collected. I must also stress although the collection agent has an initial look at the car and notes down any apparent damage, they are not the ones that carry out the full inspection as outlined in BMWFS terms.*

*I agree the pictures show some level of damage as it appears the clips/clamps are broken. It doesn't appear the bumper grill itself is broken or damaged so I question why the report says it needs to be replaced., They've charged £1,104 which is a significant sum and for a specific amount especially when compared to the rest of the damage charges. This is why I've asked BMWFS for more information about this so I can decide whether the charge is fair but at the time of writing this decision, I haven't received their response.*

*In the meantime, I've had a look at BMWFS' damage charge matrix online. I appreciate these charges may have been different at the time this car was inspected but in the absence of the charging structure applicable in 2021, I believe it's fair to refer to it. Having done so, it says if a bumper needed to be repaired or repainted, the charge ranged from £45 to £120. If there was excessive damage meaning it needed to be replaced, the matrix doesn't give a cost but it says "Based on Thatchams parts system".*

*If I'm indeed right in saying the clip/clamps are damaged, I wouldn't necessarily consider that to be excessive damage. Additionally I note BMWFS has applied a separate charge for the bumper being insecure (£26), but in my opinion that relates to the same issue therefore it isn't fair to charge for it twice so that charge should be completely removed. Given the charge for the bumper being insecure is £26 and the matrix says charges to the bumper go up to £120, I think it's fair to say a reasonable charge is roughly halfway in between those two figures. So I intend to say the damage to the bumper should be reduced from £1104 down to £72.*

### *The door (LHR)*

*The inspection report said there was a scratch. BMWFS returns standard say damage isn't acceptable if any scratch is in excess of 25mm or if it exposes the primer or metal underneath.*

*The BVLRA guidance is very similar. I've seen the pictures and the measuring tool shown next to the scratch, it's clear it's beyond what BMWFS and the BVLRA would consider to be acceptable. I'm satisfied BMWFS were entitled to charge for this.*

### *The parcel shelf*

*The report says the parcel shelf is missing. Mrs M says one wasn't present when the car was supplied and I accept her comments in good faith. I agree with the investigator that in the absence of evidence to prove it was present when she acquired the car, BMWFS aren't entitled to charge for it and it should be removed from the overall balance owed.*

*Given Mrs M had the car in her possession for over three years, it was inspected within days after it was collected and the extent of the damage overall, I'm satisfied the damages were caused while it was in her possession. I'm not convinced it was caused by the collection agent or any other party after the car was collected as she's alleged. I know Mrs M has requested the initial collection report and this hasn't been provided to her. However based on the evidence on file and for the reasons outlined above, I'm not persuaded the initial collection report will make a material difference to the overall outcome so I don't find it's necessary to request or rely on the same when reaching this decision.*

*With the exception of the charge to the bumper, I don't find the remaining to be excessive or unreasonable. While Mrs M doesn't agree for the price of the repair work, she had the opportunity to repair the damage by a garage of her choosing before she returned the car. As she didn't exercise her right to do this, I find BMWFS were entitled to charge for the damage at the rate it has (except the damage to the bumper).*

### *Summary*

*Overall, I don't find BMWFS has acted fairly and in line with the terms of the agreement when applying the damage charges. They should remove the charge for the parcel shelf and insecure bumper. For the bumper damage, they should reduce the charge down to £72. After doing so, they should revise the balance owed by Mrs M. All the other charges should remain.*

*Given I'm proposing some charges are removed which will significantly reduce the overall balance owed, any adverse information that relates to the unpaid damage charges should be removed once from Mrs M's credit file once she pays the revised balance. BMWFS should send in writing the revised balance to her so she knows exactly what needs to be paid.*

*I agree BMWFS level of service fell below what a reasonable person would expect. Mrs M has outlined the impact this situation has had on her including the worry that such adverse information will impact her career, being chased for the debt that she believes had been incorrectly charged, etc. Given the circumstances, I believe BMWFS should pay a total of £150 compensation. This should be paid to Mrs M directly as it's for the trouble and upset caused by BMWFS. It's up to her as to whether she wishes to pay this amount directly to the outstanding balance.*

*I encourage Mrs M to contact BMWFS to pay the revised balance. I wish to remind BMWFS of the expectation to treat the situation with forbearance and due consideration in the event she is experiencing financial difficulty or if she can't pay it in one lump sum".*

### **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.

Mrs M accepted the findings, BMWFS provided no further comment.

On the basis I haven't been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances. Therefore, my final decision is the same for the reasons as set out in my provisional decision.

### **My final decision**

- Remove the damage charge for the parcel shelf and insecure bumper;
- Reduce the charge for the bumper damage down to £72;
- Having done the above, send written confirmation to Mrs M of the revised outstanding balance;
- Once Mrs M pays the revised balance in full, BMWFS must remove any adverse information related to the damage charges from her credit file;
- Pay £150 compensation to Mrs M for the poor level of service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 8 May 2024.

Simona Reese  
**Ombudsman**