DRN-4846503

The complaint

Mr P complains about the charges Stellantis Financial Services UK Limited ("SFS") applied when he returned a car at the end of his hire agreement.

What happened

Mr P entered into a hire agreement in September 2019 for a period of four years. At the end of the hire agreement, the car was collected and inspected by an independent third party, and it produced a vehicle condition report, which Mr P disputed. SFS invoiced Mr P for £1,787.00, in respect of damage and other issues identified in the report, but he says those charges are unfair, so he complained to SFS. Mr P told us:

- SFS contacted him in January 2024 to discuss his complaint; there were a number of charges on the report that he disputed;
- he received a letter from SFS in which it agreed to uphold his complaint in connection with the charge for the car's incomplete service history, but it rejected his complaint about the other charges;
- SFS offered him a 25% reduction on his invoice as a gesture of goodwill;
- he was unhappy with SFS' offer and he asked it for a copy of the BVRLA guidelines, and he requested access to the car so that he could arrange another assessment of it by an independent third party;
- SFS refused to countenance a further inspection and it didn't respond to his counter-offer - £600 - to end the dispute;
- the majority of the dents and scratches are minor, and he thinks they fall within the acceptable levels as shown in the BVRLA guidelines. And he's been charged for a car valet, even though he had the car valeted two days before it was collected;

Mr P says he's unhappy with the service he's received from SFS – it repeatedly sent him emails and texts asking him to telephone it, even though he's told it that he wished to keep all contact in writing. And he says it didn't update his contact details, so a fine in connection with a bus lane contravention was sent to his old address.

SFS considered Mr P's complaint and said it would remove the £200 fee for the missed service. It explained that he'd been required to have the car serviced at specific points, and he'd failed to do that. It acknowledged that the country was in the midst of various lockdowns as a result of the covid-19 pandemic, and it said that although its garages were open when the service needed to take place, the fact that Mr P had the car serviced some time later, it would remove this charge.

But SFS rejected Mr P's complaint about the other 11 charges. It said under the terms of Mr P's agreement, he needed to return the vehicle with no damage outside of fair wear and tear; as outlined by the BVRLA – the industry trade body which provides details of what can be deemed to be fair wear and tear. And it explained that it had reviewed the photographs and the inspection report provided by its collection agent and it was satisfied that the identified damage was clearly evidenced and was outside fair wear and tear.

SFS explained that *"end of contract charges reflect the loss of value to it when a vehicle is returned in a poorer condition that originally contracted. The amount reflects what SFS is being charged for any damage to the vehicle".* But it did say that in view of the error it had made in respect of the charge for the missed service, it would offer a 25% reduction on the invoice for the remaining charges. This would reduce Mr P's invoice to £1,190.25.

Finally, SFS said it had searched its records but could find no evidence of any notification from Mr P concerning an address change in August/September 2023. Accordingly, it said it had followed its procedure and sent the Fine Notice to the address it held on file at the time.

Mr P disagreed and brought his complaint to this Service. He said, *"The car was returned well below the mileage paid for, which would have significantly increased its value. This isn't accounted for"*. And he questioned whether the independent inspector would've been incentivised because they appear to have been *"excessive in their assessment"*.

Our investigator looked at this complaint and said she didn't think it should be upheld. She explained that the standard for what constitutes fair wear and tear is set out in the British Vehicle Renting Leasing Association (BVRLA) guidelines and her role was to decide whether the charges applied by SFS were fair and reasonable. She explained it wasn't the role of this Service to scrutinise the fairness of the standards produced by a recognised industry body.

She said she'd reviewed the evidence from the inspection and was satisfied that it was sufficient to show that the damages identified exceed BVRLA fair wear and tear guidance, and that the charges had been applied fairly – it simply wouldn't be fair or reasonable to ask SFS to do anything else.

Mr P disagrees, so the complaint comes 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.

I hope that Mr P won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of his complaint. Our rules allow me to do that. Mr P should note, however, that although I may not address each individual point that he's raised, I have given careful consideration to all of his submissions before arriving at my decision.

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 say that Mr P must keep the vehicle in good condition. Section 5 of the agreement Mr P signed says he responsible for,

"5.1.1. be responsible for any loss or damage to the vehicle from the date of delivery until the date of disposal even if it is not your fault;
5.1.2. keep the vehicle in good condition (this is defined in Schedule 1), carry out repairs and replace parts when necessary and maintain and service the vehicle in accordance with the manufacturer's recommendations. It is your responsibility to ensure that the repairer stamps the vehicle's service book each time the vehicle is serviced (the service book must be returned to us on the day of collection if the vehicle is recovered by us for any reason)".

And the agreement goes on to state in Section 8, that Mr P will be liable for *"our costs in respect of…carrying out repairs which are needed to put the vehicle in good condition following its return…"*.

So, 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 SFS are fair and reasonable.

Fair wear and tear guidelines have been issued by the British Vehicle Rental and Leasing Association (BVLRA) and these are accepted as an industry standard in determining whether any damage goes beyond fair wear and tear. So, I have taken these into account when deciding what is fair and reasonable for SFS to charge Mr P

SFS said a third-party collection agent had inspected the car against the industry standards set out in the British Vehicle Renting and Leasing Association (BVRLA) guidelines and identified issues in a number of areas, the following of which were chargeable: SFS's inspection report lists 23 areas of damage that it deems to be outside fair wear and tear. Mr P disputed only 12 of these, one of which SFS agreed to remove. Because of this I only need to make a finding in respect of the remaining disputed charges; there's eleven of these.

1. Side trim panel (R) – cut	£42.00
2. Rear door pull (L) – cut	£42.00
3. Front door (R) – dent	£152.00
4. Rear door (L) – dirt in paint – poor repair	£122.00
5. Bonnet – paint flaking – poor repair	£122.00
6. Front wing (L) scratched	£40.00
7. Front wing (R) – paint in dirt – poor repair	£122.00
8. Quarter panel (L) – dent	£152.00
9. Quarter panel (R) – scratched	£40.00
10. Front door mirror housing (R) – scuffed	£40.00
11. Basic valet – soiled	£50.00

Passenger area, seats, headrests and trim (items 1, 2 and 11)

The BVRLA guidance says, *"The interior upholstery and trim must be clean and odourless with no burns, scratches, tears, dents or staining".*

SFS has supplied clear photographs of the side trim panel and the rear door pull, and the damage – a cut in both the panel and the pull – is clearly visible, so I'm satisfied that these charges are fair.

I've also had sight of photographs of the seats and interior. I don't doubt Mr P when he says he had the car valeted a couple of days before it was returned. But in the photographs I've seen, the seats don't look particularly clean, and so I'm satisfied that a charge in respect of a basic valet is fair in the circumstances.

Paintwork, vehicle body, bumpers and trim (items 3-9 above)

The BVRLA guidance says, "*Surface scuffs or scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided, they can be polished out".* It goes on to say, *"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"*

I've looked carefully at all the photographs provided by SFS, and I'm satisfied that the scuffing and scratches and dents on each exceeds the allowed level. Accordingly, I'm satisfied these charges are fair.

Door mirrors (item 10)

The BVRLA guidance says, *"Missing, cracked or damaged door mirror glass and housing units are not acceptable"*. SFS has supplied a clear photo of the front right door mirror housing. It's clearly scuffed, and so I'm satisfied that this charge is fair.

Taking into account all the evidence and testimony from both parties, I'm satisfied that SFS can fairly levy these 11 charges, along with the others that don't appear to be in dispute.

I've gone on to consider whether there was any *other* reason why it would be unfair for SFS to apply these charges. Mr P says that the car was returned with a lower-than-expected mileage, which would've increased its value. But I've seen nothing in the agreement terms and conditions that would allow for Mr P to receive a discount for utilising less than the maximum permitted mileage. So, I wouldn't expect SFS to offer Mr P any rebate for this.

Mr P questions the integrity of the independent third-party that carried out the assessment. But I have to tell him that the party appointed by SFS is one that is recognised in the industry, to conduct these types of assessment. Their role was to collect the vehicle and then document any damage. It was for SFS to determine the level of charges and to provide Mr P with an invoice once it had assessed the independent report.

Furthermore, Mr P should note that the inspection report identified damage – scratches and wear – on a number of other areas of the car. Crucially, however, the assessor didn't conclude that these damages exceeded the guidelines set out by BVRLA. I counted 20 such instances, all detailed and photographed in the report where a charge wasn't made. So this should provide Mr P with the reassurance he needs concerning the integrity of this third-party.

I've gone on to consider Mr P's complaint about the address details SFS held for him and its failure to update these when he asked it to. But in the absence of *any* evidence that shows he asked it to update his records sooner than it did, I'm not able to conclude that SFS did anything wrong here.

In conclusion, I'm not upholding this complaint because I don't think SFS has treated Mr P unfairly. I know that Mr P will be disappointed with the outcome of his complaint, but I hope he understands why I've reached the conclusions that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 December 2024.

Andrew Macnamara
Ombudsman