

The complaint

Mr M 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 lease agreement. He also complains about the administration of the collection.

What happened

Mr M entered into a hire agreement with Novuna in October 2019. In September 2023 Mr M chose to end the agreement. Mr M arranged for the vehicle to be collected on 7 September. However, when the agent came to collect the vehicle they inspected it and told Mr M there would be some charges for damage to the car.

Mr M aborted the collection because he wanted to arrange to have the repairs completed himself before the vehicle was returned. Novuna charged Mr M £192 for this failed collection.

Mr M rearranged the collection on 8 September for 15 September. However, on the evening before the collection, Novuna cancelled the appointment. This was because a recall had been issued on the vehicle. Mr M had been informed by email of this recall on 6 September.

The vehicle was finally collected on 25 September. Mr M was charged for the two failed collections, and he was also charged informal rental charges for the period from 16 September to 25 September. There were also a number of charges for damage to the vehicle and missing items.

Mr M complained to Novuna about the charges and the collections. He also complained that Novuna collected a further payment of his direct debit on 29 September 2023.

Novuna did not uphold Mr M's complaint in full. It explained that the direct debit which was collected on 29 September 2023 was for the rental during the period from 1 August to 31 August 2023 and so it considered the charge was fair.

Novuna also said that the aborted collection charge for the first failed collection was fair because Mr M had chosen not to release the vehicle. It said that Mr M had been informed of the need for the vehicle to be checked and any damage rectified before collection was arranged.

Novuna did, however, agree that it was not fair to charge Mr M for the second aborted collection. It said that although Mr M had been informed of the recall on 6 September and had been told to contact his nearest dealership or authorised service centre, it appreciated that Mr M was actively trying to return his car and end the agreement and that he wouldn't have had time to ensure the repairs were completed. It also agreed to credit the informal rental charges that Mr M incurred as a result of retaining the vehicle for a further 10 days while the third collection was arranged.

Novuna also reviewed the end of contract charges made. It told Mr M that all the charges for damage were correct, but it removed charges for a missing compressor and puncture repair

kit because there was no evidence that the items had originally been supplied with the vehicle.

Mr M wasn't content with Novuna's response, so he brought his complaint to this service.

Our investigator reviewed Mr M's complaint and considered that Novuna hadn't done anything wrong and that the remaining charges were fair. Mr M disagreed with this view and so his complaint has been passed to me to decide.

When I reviewed the complaint I agreed with our investigator's view about the charges. However, I considered that Novuna had not responded fairly to the matter of the collection cancellation. I wrote to both parties and explained that I considered Novuna should pay compensation to recognise the distress and inconvenience caused to Mr M.

I invited both parties to comment on my provisional findings. Mr M responded with further comments about the inspection. Novuna disagreed with the compensation I said I planned to direct.

As neither party agreed with my provisional decision I have reviewed matter again before making my final decision.

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 again, nothing either party has said in response to my provisional decision has led me to change my mind. I will explain why.

Mr M requested to terminate his lease on 1 September 2023. In his complaint to this service, he says he was offered a date for collection of 8 November. I think this is a typo and he means 8 September 2023. In any case, the collection was arranged with Novuna's collection agents for 7 September. Mr M had been informed in writing that collection and inspection could take up to ten days to book (although this is also referred to as ten working days in some documents) so I am satisfied this was a reasonable timescale for collection. And Mr M's contract for the hire stipulated that he needed to provide no less than seven days' prior written notice of termination of his hire once the original three year lease term had expired.

Prior to arranging the return of the car Mr M says that he had it valeted, and some tiny scratches dealt with by a body shop. Mr M says that when the collection agent inspected the car he made inappropriate and unprofessional comments about Mr M's house and new car. Mr M also says the collection agent told him that there was about £800-£900 of damage to the paintwork of the car. Mr M said that the car had had some repairs about eight months before he arranged for the collection and, combined with fact he says he had valeted the car and made some minor repairs to address some small scratches shortly before collection, Mr M considered that the proposed charges were unreasonable. Mr M refused to allow the car to be taken at that point and aborted the collection. Novuna charged Mr M for this failed collection. I think this was fair and reasonable. Mr M's agreement detailed that he would be responsible for any damage caused to or deterioration of the vehicle otherwise than through fair wear and tear as indicated by the guidelines issued by the British Vehicle Rental and Leasing Association (BVRLA) and so, if there were repairs required under those guidelines these should have been completed prior to arranging the collection. It was Mr M's choice to retain the car to make further repairs. I understand that Mr M has since paid this charge.

Mr M says that he took the car to a body shop the following day which dealt with the items of damage that had been identified during the aborted collection. Mr M then rearranged the collection. The first available date was on 15 September. However, at around 20:00hrs the evening prior to collection, Mr M received a call telling him that the collection was cancelled. The reason for this was that there had been a manufacturer's recall issued on the vehicle about which Mr M had been informed on 6 September. The email had said that he should contact his nearest dealership to have the necessary work completed. The work had not been completed.

Novuna had planned to charge Mr M for this second cancelled collection. However, when Mr M complained, Novuna reconsidered this and accepted that as Mr M was actively trying to return his vehicle and conclude the agreement that it would not be fair to charge him either for the cancelled collection or for the additional informal rental charges he incurred in the period between the cancelled second collection and the successful third collection.

I don't think this went far enough. I agree that it was unfair of Novuna to seek to charge Mr M for this failed collection, for the same reasons Novuna decided to withdraw the charges. But I think Novuna should have compensated Mr M for the inconvenience it had caused him by unnecessarily cancelling the collection. Mr M has explained that he was given such late notice of the cancellation that he was not able to cancel his day off work the following day and he still had to take another day off work to complete the collection ten days later. For this reason, I think Novuna should have recognised the inconvenience caused to Mr M as a result of its poor customer service and paid him compensation. I think fair compensation for the level of inconvenience caused would be £250.

Following my provisional decision, Novuna sought to resile from its position on the collection. It now says that Mr M had ample opportunity to organise the work required by the recall. It reminded me that Mr M had to return the vehicle in a safe and roadworthy condition. It does not explain why its last position on this matter has changed. Mr M was actively seeking to return the vehicle. The alternative was that Mr M retain the unwanted vehicle (in addition to his new vehicle), continue paying finance costs and insurance on a vehicle he had no intention of keeping while waiting for the dealer to provide an appointment for the recall work, which was a software update, which can take weeks or months. While the email used generic wording saying that the recall should be '*actioned as a matter of urgency to ensure the vehicle remains [my emphasis] safe and legally compliant*' there was no suggestion that Mr M's vehicle could not safely be driven or that it was unroadworthy at that time. I remain satisfied that Novuna incorrectly cancelled the collection.

Novuna removed charges for a compressor and puncture repair kit which the inspection had noted were missing. As explained earlier, Novuna did not have evidence they were supplied with the vehicle. Mr M submits that this is evidence that the final inspection agent had insufficient knowledge of the vehicle to also be able to identify damage to the vehicle. I do not agree that one follows the other. And I think Novuna acted reasonably to remove these charges when it established that it could not confirm the items had originally been supplied. I also do not have sufficient evidence to conclude that the comments allegedly made by the first collection agent were unprofessional.

In his response to my provisional decision, Mr M reiterates points about the differences between what the first and second collection agents told him about the condition of the vehicle. He again points to what he considers is the lack of knowledge of the second collection agent who had said the compressor was missing when none was supplied with the vehicle in the first place.

I haven't seen evidence of the first collection agent's report and how it differed from the final collection report. As I explain below, I have reviewed the damage noted and evidenced in

the final report. That the second collection agent appeared unaware that the vehicle was not supplied with a compressor makes no difference to the actual observed and recorded damage for which Mr M has been charged.

As previously explained, the terms and conditions of the agreement, signed by Mr M, sets out Mr M'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 M was responsible for returning the car in good condition, but the question is whether all the charges applied by Novuna are fair and reasonable.

The remaining charges are as follows:

• Front bumper	Dull paint/corner bump	£69.60
• Front wing L	Dull paint/poor repair	£121.80
• Rear alloy wheel L	Poor repair	£56.55
• Front door R	Paint run/poor repair	£121.80
• Front door L	Paint damage	£152.25
• Bonnet	Dirt in paint/poor repair	£121.80
• Front alloy wheel L	Poor repair	£56.55
• Rear bumper	Scuff to paint	£152.25
Total		£852.60

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 Novuna 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 paintwork, vehicle body, bumpers and trim. It says:

"Obvious evidence of poor repair, such as flaking paintwork, preparation marks, paint contamination, rippled finish and poorly matched paint, is not acceptable."

And in terms of tyres and wheels it says:

"Dents on wheel rims and trims are not acceptable. Scuffs 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."

Our investigator reviewed all of the photographic evidence of the damage. They provided detail of how each item of damage exceeded the definitions of fair wear and tear in the BVRLA guidelines. I do not propose to repeat that analysis here as neither party has disagreed with those findings. Having reviewed each of the photographs I am satisfied that our investigator's analysis is correct. I also note that Novuna reduced the original charges by 13% in recognition of the fact that Mr M's vehicle was more than four years old. I am satisfied the charges for damage have been fairly applied.

I note that Mr M mentions that he had repairs made to the vehicle on several occasions which he considered should have addressed any issues. I have no reason to doubt he did this, but it does not mean that the damage was repaired to the required standard. Mr M may wish to return to the business or businesses where the repairs were made to discuss the quality of the repairs.

Putting things right

I partially uphold Mr M's complaint, specifically in relation to Novuna's incorrect cancellation of the second arranged collection. I have explained that I think Novuna should provide £250 in compensation to Mr M in recognition of the inconvenience caused to Mr M.

Novuna says in its final response letter that there is £702.60 outstanding for the damage charges. This is exactly £150 less than the total of the charges above. I am aware that Novuna often provides a gesture of goodwill of £150 towards such charges, and I have assumed this is the case here, although there is no mention of this in its final response letter. Novuna did not address this further in its response to my provisional decision. For the avoidance of doubt, Novuna can charge no more than £702.60 for the damage fees. It may credit the compensation I have said I intend to direct to this sum, leaving a total of £452.60 for Mr M to pay.

My final decision

I partially uphold Mr M's complaint for the reasons set out above. Mitsubishi HC Capital UK PLC, trading as Novuna must put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 October 2024.

Sally Allbeury
Ombudsman