

The complaint

Mr S complains about the charges Mitsubishi HC Capital UK Plc (t/a Novuna Vehicle Solutions) ("NVS") applied when he returned a car at the end of his hire agreement.

What happened

Mr S entered into a hire agreement in October 2020. Mr S says when he returned the car, he was given a bill in respect of damages. He says he complained to NVS about six of the charges, having accepted the other charges, and NVS agreed to remove some of them. Mr S says there's two outstanding charges that remain in dispute. Mr S told us:

- a third party collected the car and inspected it in July 2022, and it was indicated to him that there'd be charges of more than £2,100 because of damage that had been identified on the report;
- although he accepted many of the charges, he complained to NVS about six of them, and it reviewed the charges before agreeing to remove four of them of them; it accepted that it couldn't charge for a remote key that had been listed as missing – the key had been returned and it couldn't be certain whether it was broken or just required a replacement battery; a charge lead and a charge lead bag were listed as missing, but NVS said it could find no evidence that these items had been delivered to Mr S when the car was first supplied; and an alloy wheel that it said had been correctly assessed as corroded, it said it would waive the associated charge as a gesture of goodwill;
- the two areas where he and NVS could not reach agreement related to charges for a damaged seat. He says the cracking in the fabric shows that the product wasn't fit for purpose, and he shouldn't be charged for this as being beyond fair wear and tear;

NVS didn't agree. It said under the terms of Mr S' agreement, he needed to return the vehicle with no damage outside of fair wear and tear. It said it had removed several charges following Mr S' complaint, and it had taken into consideration the age of the vehicle and the impact of the damage on its resale value. In doing so, it had applied a 13% reduction to the total charge - £150.

In terms of the remaining items highlighted on the inspection, NVS explained that it had reviewed the photographs and the report provided by its collection agent, and it was satisfied that the identified damage to the seat was clearly evidenced and was outside fair wear and tear. It explained that the 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.

NVS told us that it had partnered with a third party which allows its customers, in this case Mr S, to complete a self-appraisal of their car prior to its return. And it also provided its pricing matrix so that its customers can see the costs of any repairs. NVS said this gives customers *"an idea of how much they may be charged at the end of the lease... This allows the customer to make a decision whether they want to repair the vehicle or leave as is"*. NVS said on this occasion, Mr S had not taken advantage of this opportunity.

Mr S disagreed and brought his complaint to this Service. He said that although he accepted the other remaining charges once NVS had reviewed its position, he didn't agree with the recorded damage to the seat, and the fact that he was being held liable for it. He told us that he didn't think the seats were of satisfactory quality when supplied and he said that second hand replacement seats could've been acquired for around £150.

Our investigator looked at this complaint and said he didn't think it should be upheld. He explained that the standard for what constitutes fair wear and tear is set out in the British Vehicle Rental and Leasing Association (BVRLA) guidelines and his role was to decide whether the charges applied by NVS were fair and reasonable.

He explained he'd reviewed the evidence from the inspection and was satisfied that there was sufficient evidence to show that the damage identified exceeds BVRLA fair wear and tear guidance, and that the charges had been applied fairly. And he said he would've expected any durability issue with the seats to have been raised with NVS for investigation during the life of his finance agreement and before the car had been returned. But he did say that if this was something Mr S wished to pursue, he'd need to raise it as a complaint with NVS in the first instance and give it the opportunity to respond.

Mr S disagreed and asked for an Ombudsman to look again at his complaint, so the complaint comes to me to decide. But he did say that he'd be raising a new complaint with NVS about whether the seats were fit for purpose.

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. I'll explain why.

Under the *Key Features of the Agreement*, it states “*At the end of the agreement, you must return the vehicle in good condition, allowing for fair wear and tear. In determining fair wear and tear, we apply the recognised industry standards published by the British Vehicle Rental and Leasing Association (BVRLA). You will be charged for any damage outside of fair wear and tear.*”

Additionally, the terms and conditions of the agreement say that Mr S must “*keep the vehicle in good condition and repair*”. It goes on to say, “*You will be responsible to us for any damage caused to or deterioration of the Vehicle otherwise than through fair wear and tear as indicated in the guidelines issued from time to time by the British Vehicle Rental and Leasing Association (BVRLA)*”. So, I'm satisfied that Mr S was responsible for returning the car in good condition, and that the car's condition would be assessed against the guidelines issued by BVRLA. But the question is whether all the charges applied by NVS are fair and reasonable.

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. So, I have taken these into account when deciding what is fair and reasonable for NVS to charge Mr S.

There are only two charges that are currently disputed by parties, the others having been accepted or removed. So, I'm only considering these two charges:

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| 1. Front Seat Back Cover (R) – cracked – needs replacing | £352.27 |
| 2. Front Seat Base Cover (R) – cracked – needs replacing | £298.02 |

The BVRLA guidance says *“The interior upholstery and trim must be clean and odourless with no burns, scratches, tears, dents or staining. Carpets should not have holes.”*

I understand the point that Mr S makes about the deterioration of the fabric, but my role is to determine whether NVS has applied the charge in accordance with the industry guidelines, as it said it would in the hire agreement that Mr S signed. The BVRLA standards in respect of interior upholstery and trim are quite explicit and there's no exclusions listed or detailed.

Both parties accept that the seat covers are damaged – that's not in dispute. So, I'm satisfied that the charges NVS asked Mr S to pay in respect of the seat covers were applied fairly and in line with relevant industry guidance.

I've noted Mr S' comment about being able to acquire good second-hand replacement seat covers more cheaply from a well known online shopping channel. But I have to tell Mr S that NVS made it clear in its pricing matrix – there was a link to this in correspondence sent by NVS to Mr S – that its remedy for damaged seats was a replacement at the manufacturer's price.

Given all of the above, I'm satisfied that the charges NVS asked Mr S 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.

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

Andrew Macnamara
Ombudsman