

## **The complaint**

Mr V complains about the administration of a hire agreement he held with Volkswagen Financial Services (UK) Limited ('VWFS'). Mr V says that he was given incorrect information about settling this agreement and he also received poor customer service.

## **What happened**

Mr V acquired the car using a hire agreement that was started in September 2020. The agreement was to be repaid through 47 monthly instalments, the first instalment was for £1,582.49 followed by 46 monthly repayments of £263.75. The agreement was due to end on 5 August 2024.

On 20 May 2024 Mr V requested that the agreement was terminated so he could return the vehicle. He had arranged another car to lease. In a telephone call he was told there was no early termination fee to do this, and he would have no more to pay. The vehicle was arranged to be returned on or around 29 May 2024 and it was collected on 31 May 2024.

Mr V also asked, as he had made a repayment on 13 May 2024, whether he could receive a refund for the part of the month that he did not use the car. He was told that he would receive this.

Mr V contacted VWFS on 17 June 2024 as he hadn't received his expected refund. He was told, again in a telephone call, that a partial refund for the month he had paid would only be given if he was in an extended hire period which wasn't the case here. And any refunds and rebates had already been factored into the early settlement amount.

And following an inspection by the organisation that handled the return of the car, a dent was noted on the left hand rear panel. As this was outside acceptable wear and tear guidelines, Mr V has been sent an invoice of £55 to cover the cost of the repair. He doesn't think he should have to pay this.

Mr V complained to VWFS saying that he was provided with incorrect information about the settlement amount. He thought the rebate should be higher and he wasn't happy about paying for the dent if he did not get the rebate he thought he was due.

VWFS considered this complaint and partially upheld it. It said that it had provided Mr V with incorrect information in the first call, when it told him that a partial rebate for the month he paid would be due when he terminated the agreement. It said that the information Mr V was provided in the later call was correct, in that, as his contract wasn't in an extended period then he wasn't due a rebate. But because it gave him incorrect information it offered to pay him a goodwill gesture calculated in respect of the rebate amount he thought he was due. It said that Mr V had paid for ten unused days at £8.80 a day, which was £88.

Mr V didn't agree with this and brought this complaint to the Financial Ombudsman Service.

Our Investigator upheld Mr V's complaint. He said that Mr V was given incorrect information, and it was reasonable to assume that if he was provided with correct information he would

have arranged to end the agreement later to benefit from the use of the car for a longer period. He thought the refund of ten days payments was reasonable as the car was collected on the 30 May 2024 and his next payment would be made on the 11 June 2024, which is ten days.

Our Investigator also thought that the second telephone call between Mr V and VWFS could have been better handled, and this situation had caused Mr V some distress and inconvenience overall. He thought a further £50 compensation was reasonable for this.

Lastly our Investigator also thought that the damage invoice was reasonable. This was because there was a dent in a rear left panel of the car which exceeded 15mm in diameter. As this fell outside of acceptable wear and tear limits, based on The British Vehicle Rental and Leasing Association (BVRLA) fair wear and tear standards, then this shouldn't be waived.

Mr V didn't agree with the Investigator. He said that the amount of distress and inconvenience awarded didn't compensate him for his time. There was some further correspondence, but no new issues were raised. Because Mr V didn't agree, this matter has been passed to me to make a 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

It's been established that Mr V was given some incorrect information about a refund of the hire payment he made when he terminated the hire agreement. VW has offered to pay the sums that Mr V was told in error he would receive. I agree that this is fair in this case. And I agree that an amount calculated with reference to the ten days before Mr V's next payment was due is also reasonable. Mr V didn't disagree with our Investigator's opinion about this and so I won't comment further. I consider this part resolved.

Regarding the damage to the car. The BVRLA has provided guidance on what is acceptable to be charged in these situations. Looking at the terms and conditions of the hire agreement, part of it explains:

*'9.5 You agree to return the Vehicle to us at the end of the Hiring Period in good repair and condition except for fair wear and tear as defined in the British Vehicle Rental and Leasing Association Fair Wear and Tear Guide ...*

*9.6 If you are in breach of Term 9.5 above, we may have such work carried out as is reasonably necessary to restore the vehicle to a state of good repair and condition and you shall indemnify us against and pay us when we ask all costs and expenses we have incurred or will incur in respect of that work ...'*

I'm satisfied Mr V agreed to VWFS charging him for damage that falls outside of the BVRLA's guidelines for fair wear and tear. The dent in the rear of the car was outside of the BVRLA guidelines for damage as it is greater than 15mm. So, it is reasonable that Mr V is charged for this.

Mr V has said that all of this has caused him some distress and inconvenience. And I don't doubt this. VWFS did give him some incorrect information and Mr V had to make multiple telephone calls before he was in receipt of the information he needed.

But when making an award on this basis I must consider that things do go wrong from time to time, and this isn't a reason in itself for compensation to be payable. And I've also borne in mind that Mr V didn't lose out when the agreement was surrendered as VWFS has said that the fact he had paid recently was factored into the surrender value he received. And so, the £88 isn't money he has lost out on: it is itself compensation for the error VWFS made.

So overall I think the amount recommended by our Investigator was fair, that is Mr V should be paid £50 for any distress and inconvenience he has suffered. I don't think Mr V should receive any further compensation.

### **Putting things right**

VWFS should pay Mr V:

- £88 for the incorrect information it gave him.
- £50 for the distress and inconvenience this caused him.

### **My final decision**

For the reasons I've explained, I uphold Mr V's complaint.

Volkswagen Financial Services (UK) Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 17 June 2025.

Andy Burlinson  
**Ombudsman**