

The complaint

Mr O complains about the charges that have been made by Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services, after he returned a car at the end of a hire agreement.

What happened

A new car was supplied to Mr O under a hire agreement with Audi Financial Services that he signed in October 2018. The duration of the hiring period was 36 months but Audi Financial Services says that Mr O had an formal extension from October 2021 to October 2022 and then an informal extension to October 2023. It says that the car was due for collection in October 2023 but wasn't collected until May 2024. The car was collected from Mr O and inspected by a third party. The inspection report identified a gouged tyre, a scuffed rear bumper and a scratched door and a damage charge of £380 was recommended. Mr O was charged for the damage and a total of £5,116.60 for 189 days of extra hire at a rate of £22.56 plus VAT per day.

Mr O complained to Audi Financial Services about the charges but it said that the damage fell outside of the British Vehicle Rental and Leasing Association fair wear and tear guide so they stood and that it was Mr O's responsibility to return the car at the end of the contract but there had been no contact from him regarding extensions after October 2023. Mr O wasn't satisfied with its response so he complained to this service about the charges and about the information that it had reported to the credit reference agencies about the agreement.

Audi Financial Services then said that both parties were at fault for the extra hire days and a fair resolution would be to reduce the charge for them by 50% to £2,558.30 including VAT. Mr O didn't accept it's offer. His complaint was then looked at by one of this service's investigators. She said that Mr O's complaint about the information that Audi Financial Services had reported to the credit reference agencies would be dealt with as a separate complaint. Having considered everything, she thought that the damage to the car fell outside of the fair wear and tear guidelines and that Audi Financial Service's offer of a 50% reduction for the additional hire charges was reasonable.

Mr O didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He has responded to her recommendation in detail and says, that: he continues to dispute the damage charges because the inspection report falsely claims that he wasn't present and he was informed that the car was in acceptable condition and that he could leave; any damage identified after the handover is questionable, as he wasn't present when the final assessment was made; and the wear and tear should be assessed against industry standards and he believes that the charges imposed are excessive. He also says that the delay in collecting the car was caused by Audi Financial Services and the third party that collected the car, his phone conversations with the third party haven't been reviewed and he strongly believes that reviewing them would provide further evidence of its responsibility for the delays, and he had no beneficial use of the car.

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.

The car was collected from Mr O by a third party on behalf of Audi Financial Services in May 2024. The third party produced a vehicle condition report and a vehicle inspection report, both of which identified a gouged tyre, a scuffed rear bumper and a scratched door. The vehicle condition report said that Mr O wasn't present to sign but he says that he was present and he was informed that the car was in acceptable condition and that he could leave. The vehicle inspection report includes photos of the damage and I'm not persuaded that it's likely that the damage was caused after the car was collected from Mr O.

The hire agreement says: *"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 ...)"*; and: *"... 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."*

That guide says that there must be no damage to the sidewalls or tread of the tyres, scratches and abrasions up to 25mm are acceptable relative to the car's age and mileage and provided the primer or bare metal is not showing. I consider that the photos show that the damage is more than would be considered to be fair wear and tear in accordance with the guide so I'm not persuaded that there's enough evidence to show that Audi Financial Services has acted incorrectly in charging Mr O a total of £380 for that damage.

Audi Financial Services says that the car was due to be collected in October 2023 but wasn't collected until May 2024 so Mr O was charged a total of £5,116.60 for 189 days of extra hire at a rate of £22.56 plus VAT per day. Audi Financial Services described in its final response letter the events that had led to the delayed collection. Mr O set out in his response to the investigator's recommendation the reasons that he doesn't believe that Audi Financial Services' offer to reduce the charge by 50% adequately reflects the circumstances of the delay.

The hire agreement says: *"When the Hiring Period ends ... you must return the Vehicle to us immediately at such address as we may reasonably require, at your own expense ..."*. The third party was to collect the car on behalf of Audi Financial Services but that didn't happen until May 2024. It's clear that Mr O considers that Audi Financial Services and the third party are responsible for the delay and he says that reviewing his phone conversations with the third party would provide further evidence of its responsibility for the delays. I've not been provided with recordings of those conversations so I'm not able to listen to them.

Audi Financial Services says that both parties are at fault for the delays and a fair resolution would be to reduce the extra days hire by 50% to £2,558.30 including VAT. Mr O says that he's willing to settle the dispute for £1,000 provided that Audi Financial Services removes the negative marks on his credit record. Mr O's complaint about the negative marks on his credit record is being dealt with as a separate complaint so I'm unable to consider those issues in this decision. I consider that Audi Financial Services' offer to reduce the charge for the extra days hire by 50% to £2,558.30 is fair and reasonable in these circumstances.

Putting things right

I find that it would be fair and reasonable for Audi Financial Services to reduce the amount that it's charged Mr O for the extra days hire from £5,116.60 to £2,558.30. I'm not persuaded

that it would be fair or reasonable for me to require Audi Financial Services to reduce the amount that it's charged Mr O for the damage to the car or to take any other action in response to his complaint. I find that the total amount that Mr O should pay to Audi Financial Services is £2,938.30.

My final decision

My decision is that I uphold Mr O's complaint in part and I order Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services, to reduce the total amount that it's charged Mr O to £2,938.30.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 24 April 2025.

Jarrold Hastings
Ombudsman