

The complaint

Mr T complained that the charges imposed at the end of his car finance agreement with Mitsubishi HC Capital UK PLC, trading as Novuna Vehicle Solutions ("Mitsubishi") were unfair.

What happened

Mr T acquired a new Mercedes using a consumer hire agreement with Mitsubishi. The agreement started in December 2019 and ran for 48 months. The initial rental was £688.68, followed by 47 monthly rental payments of £229.56. Mr T elected not to pay extra to cover servicing and maintenance. The mileage shown on the vehicle handover note was 268. It seems the hire contract continued for about six months after the initial term expired.

In May 2024, Mercedes issued a recall notice for the car, so that new software relating to the steering system could be installed. Mr T booked the car into the dealership for this to be done. At around the same time, Mr T had had an 'active bonnet malfunction' message appear on the dashboard display, so the dealership investigated this also. The issue was diagnosed as the 'squibs for the left and right rear engine hood lifters having malfunctions, there being open circuits'. The dealership fitted an actuator and hinges at a total cost of £388.56, which Mr T paid. The mileage at this point was 23,226.

The car was then collected in July 2024, by a company acting on Mitsubishi's behalf. The inspector issued a report on the condition of the car, identifying areas of damage. Some of these (although not all) carried a charge, and the total amount came to £787.35. Mr T didn't agree with these charges, and this was noted under his signature on the collection report.

Mr T complained to Mitsubishi about the charges, saying they were unreasonable and didn't take account of the length of the lease and what would constitute fair wear and tear over that time. He accepted the charge for the scuff to the front bumper, which was assessed at £152.25, but thought the other charges were unfair.

Mr T was also unhappy about the bonnet malfunction, saying that this meant the car had been of unsatisfactory quality from the outset. He wanted Mitsubishi to offset the cost of the bonnet repair against the overall costs, at the very least.

Mitsubishi issued its final response letter to Mr T, saying that it did not uphold his complaint. It said the charges had been applied in line with British Vehicle Rental and Leasing Association ("BVRLA") guidance, and that Mr T was responsible for the repair costs relating to the bonnet as he had opted out of the maintenance agreement. However, it reduced the invoice by £150 as a goodwill gesture.

Mr T then brought his complaint to this service. Our investigator looked into it but didn't think it should be upheld. Mr T disagreed and asked that the complaint be referred to an ombudsman for review.

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've decided not to uphold Mr T's complaint. I'll explain why.

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 to have been good industry practice at the relevant time.

I've taken into account the guidance issued by the BVRLA about charges made when a vehicle is returned at the end of the hire period. A vehicle will naturally incur a degree of wear and tear over the course of a few years, and the guidance sets out what can be considered fair wear and tear when returning a vehicle, and what damage can reasonably be charged for.

Mitsubishi is a member of the BVRLA and the hire agreement, and its letter to Mr T towards the end of the agreement, state that condition of the vehicle on return is assessed using BVRLA guidance. I think it is reasonable for Mitsubishi to use this industry-standard guidance as its benchmark.

I've also taken account of the relevant law, in particular the Consumer Rights Act 2015, ("CRA"). Because Mitsubishi supplied the car under a hire agreement, it's responsible for a complaint about the quality, and there's an implied term that the car was of satisfactory quality. Cars are of satisfactory quality if they are of a standard that a reasonable person would expect, taking into account all of the relevant circumstances such as (amongst other things) the age and mileage of the car and the price paid. When considering satisfactory quality, I also need to look at whether the car is durable – that is, the components within the car must be durable and last a reasonable amount of time.

Mitsubishi sent in copies of the finance agreement, and photographs of the damaged areas of the car as part of the inspection report, and its invoice for the charges. Mr T sent his account of the sequence of events. I've carefully considered all of the information and evidence provided by both parties.

With regard to the charges at the end of the contract, the inspection report includes photographs of the damaged areas, and the existence of the areas of damage is not disputed. As I noted above, Mr T said he accepted the charge for the scuff to the front bumper, which was assessed at £152.25, but thought the other charges were unfair.

The other areas of damage for which charges were imposed were the left and right C posts, left quarter panel, rear bumper, and the right front wing and alloy wheel. Mitsubishi said that the charges had been reduced by 13% to reflect the age of the car.

The BVRLA guidance sets out the extent of damage that would be considered fair wear and tear, and as I noted above, some areas of damage were within the acceptable parameters and had not incurred a charge. The guidance allows for age and mileage in determining what is fair wear and tear.

Mr T had had the car for four and a half years and had driven just over 23,000 miles – this isn't a particularly high mileage over that period, and well within the allowance of 32,000 set out in the hire agreement. So taking all that into account, and having compared the photographs of the car to the standards set out in the guidance, I've no evidence to suggest that Mitsubishi has applied the standards unfairly. It applied a reduction in its normal charges

to allow for the age of the car, and I consider this reasonable in relation to a car of this age. So overall I don't have evidence to say that Mitsubishi has acted unfairly in its application of the end of contract charges. It has reduced the overall charges by £150 to £637.35 as a goodwill gesture, and I can't fairly require it to do any more than it has.

Turning to Mr T's other complaint – that the car was not of satisfactory quality at the point of supply – the car was brand new when supplied, so I think the reasonable person would expect to have had the use of it for some time before significant repairs were needed.

The invoice Mr T sent in clearly demonstrates that a fault arose, and repairs were required, albeit some four and a half years of use without incident. Therefore, the key issue is whether that fault could reasonably be considered to have been present or developing at the point of supply.

Mr T described the error codes that were found in a diagnostic test, and said that these demonstrated a fault with the car's software. He went on to say that it could not be purely coincidental that the error message relating to the bonnet caused by a defect in the car's software happened to appear around the very same time as the car was actively recalled for a software issue relating to steering.

I should say here that, as the car was repaired and then handed back at the end of the lease, I don't have the benefit of an independent inspection to provide an opinion on the cause of the fault. The invoice provided by Mr T simply sets out the repairs and the cost.

I've looked at the reason for the recall – the information on public records says that “*On affected vehicles the backup function of the steering software might not meet specifications. As a result the steering power support might be impaired and a loss of steerability cannot be ruled out.*”

It's not clear whether Mr T's specific car was definitely affected, although clearly there was sufficient risk to warrant a safety recall and of course it was important that the relevant software was updated as soon as possible. But there's no information about when the issue was identified or what led to it being discovered. The recall notice was dated May 2024.

With regard to the error codes and the consequent repairs, my online research suggests that the error codes relate to electrical faults, and there may be a number of possible causes. The repairs required the replacement of an actuator and hinges, so it's also possible the components themselves had failed. So from all this I don't think I can fairly conclude that this was most likely to have been a software fault, and that it was linked to the reason for the car being recalled.

I also have to take account of the length of time Mr T had had the car – four and a half years – and that he had driven some 23,000 miles. Whilst, as I said earlier, this isn't a particularly high mileage, I do think it's most likely that, if the fault had been present or developing at the point of supply, the issue would have arisen earlier than it did.

So taking all this into account, I'm not satisfied that there's enough evidence to say that the car wasn't of satisfactory quality at the point of supply in 2019.

Mr T didn't elect to pay extra for the service and maintenance package, so Mitsubishi is not responsible for the cost of the repairs. Mr T doesn't think that the repairs would have been covered under the maintenance package in any case, but he thinks Mitsubishi should offset the money he paid out against the end of contract charges. I've thought about this. But as I've concluded that I can't say that car wasn't of satisfactory quality when supplied, I can't fairly ask Mitsubishi to do this.

Overall, based on the evidence and information provided, I don't think Mitsubishi has acted unfairly here. I say this because it assessed the car in line with the BVRLA guidance, and discounted the end of contract charges because of the age of the car. After Mr T's complaint it also reduced the overall charges for damage by a further £150 as a goodwill gesture. And I've explained why I think the car was of satisfactory quality at the point of supply. Therefore, although I do understand that Mr T feels very strongly about this, I don't consider that I can fairly require Mitsubishi to do more than it already has, and so I have decided not to uphold his complaint.

My final decision

For the reasons given above, I have decided not to uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 3 October 2025.

Jan Ferrari
Ombudsman