

The complaint

Mr U complains about end of contract charges and lease extension charges when his agreement with Volkswagen Financial Services (UK) Limited trading as Audi Financial Services (VWFS) ended.

What happened

In September 2020 Mr U was supplied with a car and entered into a hire agreement with VWFS. The agreement was for a term of 36 months with an advance payment of £4,171.82 followed by 35 monthly rental payments of £463.54.

The agreement was due to expire in October 2023. Due to an ongoing unresolved dispute with the dealership about the tyres needing replacement due to a manufacturer fault which caused excessive tyre wear, Mr U extended the lease for a further 3 months to try and resolve the dispute. The extended agreement ended in January 2024, but Mr U still hadn't resolved the dispute and didn't return the car.

Mr U didn't extend the lease in January 2024. He's told this service that he'd been unable to use the car since October 2023 and had kept the car parked on his drive with no MOT.

In February 2024 Mr U returned the car to VWFS. VWFS charged Mr U for extra hire days from January 2024 in the sum of £788.25. They also charged for a missed service and damage charges of £1075.

Mr U disputed the charges. In its final response, VWFS partially upheld the complaint. It reduced the damage charges to £110, only charging for a missed service and scuffed rim. VWFS said the extra hire days had been correctly charged because the car had been returned late.

Mr U remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. She said the damage charges and missed service charges had been charged in line with the relevant guidelines. She also said the extra hire days had been charged in line with the terms and conditions of the agreement.

Mr U didn't agree so I've been asked to review the complaint.

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 know it will disappoint Mr U, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the remaining charges for damage. Most of the charges have already been reviewed and cancelled by VWFS. The remaining charges relate to an overdue service (£50) and a scuffed rim on the left front alloy (£60).

In considering whether the charges for damage are fair, I've had regard to the inspection report dated 6 March 2024 and the BVLRA guidelines. I've also taken into account that the car was brand new at the point of hire.

The agreement that Mr U entered with VWFS states (at section 9.5):

"You agree to return the vehicle to us at the end of the hiring period in good repair and condition except for wear and tear (as defined in the British Vehicle Rental and Leasing Association Fair Wear and Tear Guide)"

Based on what I've seen, I'm satisfied that the damage to the scuffed wheel goes beyond wear and tear and has been correctly charged. The images in the inspection report show that the scuff mark is bigger than 100mm, which exceeds the 50mm tolerance in the relevant guidelines.

In relation to the missed service, I can see that a service was due in July 2023. There's no evidence that this service was carried out. The BVLRA guidelines state that the vehicle must have been serviced in line with the manufacturers service schedule. I'm not satisfied that Mr U has shown that he serviced the vehicle in line with the manufacturers service schedule. Therefore, I think the charge for the missed service is fair.

Turning now to the charges for extra hire days. Section 11 of the agreement states that:

"If you do not return the vehicle promptly at the end of the hiring period or termination of the hiring you will pay us compensation"

"You agree that the amount of such compensation will be a sum equal to one thirtieth of the rental amount shown on page 1 for each day after the date on which you should have returned the vehicle up to and including the date on which you actually return the vehicle or we recover it"

I can see that Mr U extended the agreement to 1 January 2024. He didn't extend the agreement beyond this time, but he didn't return the car until March 2024.

VWFS has applied charges for extra hire days for the period 1 January 2024 to 6 March 2024. They have charged for the additional 65 days that Mr U had the vehicle (less 14 days written off) which equates to £788.25.

I appreciate that Mr U was trying to resolve an issue with the dealership relating to the tyres on the car. However, I can't see that Mr U communicated this to VWFS in January 2024 when the extended agreement expired. Nor can I see that Mr U communicated the unresolved dispute with the dealership to VWFS between January 2024 and March 2024, despite the fact that VWFS were regularly trying to contact Mr U with regards to the return of the car. The BVLRA guidance states that if a consumer is experiencing issues with a car, they must notify the leasing company so that they can step in and assist.

Taking everything into account, I don't think VWFS have made an error with the charges or treated Mr U unfairly. I'm satisfied that the charges have been applied in line with the terms of the agreement and the BVLRA guidelines.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 28 May 2025.

Emma Davy
Ombudsman