

The complaint

Mrs D complains about end of contract charges applied by Volkswagen Financial Services (UK) Limited trading as Skoda Financial Services (Skoda) after she returned a car supplied under a hire agreement.

What happened

In June 2020, Mrs D was supplied with a new car through a hire agreement with Skoda. The term of the agreement was 48 months. She made an advance rental payment of £572.04, which was followed by 47 monthly payments of £189.

The car was returned to Skoda at the end of the hire period in June 2024. When it was returned, the car was four years old and had covered around 48,000 miles. Skoda arranged an inspection of the car, during which some damage was noted. Skoda charged Mrs D a total of £1,727.24 for the damage that went beyond fair wear and tear. It provided the following breakdown of the charges:

- Air vent – Broken - £51.35
- Left hand front door post – Dented - £100
- Bonnet front – Poor repair - £55
- Boot lid rear – Poor repair - £110
- Bumper front – Poor repair - £110
- Bumper rear – Broken - £875.89
- Left hand front door – Dented - £55
- Left hand rear door – Poor repair - £55
- Right hand front door – Chipped paint - £110
- Quarter panel right hand rear – Poor repair - £55
- Right hand front door sill – Dented - £150

Mrs D didn't agree the charges were fair. She said she'd arranged for the car to be professionally repaired and valeted, and felt the repairs the inspector had recommended were excessive. Skoda reconsidered, and agreed to waive the majority of the charges. But it said the charges for the broken air vent and rear bumper were applied correctly in line with the fair wear and tear guidelines set by the British Vehicle Rental and Leasing Association (BVRLA) so didn't agree to waive them. This left £931.24 for Mrs D to pay.

The complaint was referred to this service. Mrs D said she accepted the charge for the broken air vent, but she didn't think the charge for the rear bumper was fair. She said Skoda had sold the car without arranging any repairs, and it was unfair to charge her for work that hadn't taken place. One of our Investigators considered the complaint and didn't uphold it. They were satisfied Skoda had applied the charge for the bumper fairly and in line with the BVRLA guidelines, as the bumper had a crack which had formed a hole. They also didn't

think it was unreasonable for Skoda to charge for the works even if the repairs weren't carried out.

Mrs D disagreed. She said the bodywork specialist who repaired the car had confirmed that the hole in the bumper was used to hold a fitting which had come loose – and that only the fitting needed to be replaced, rather than the entire bumper. She was also unhappy that Skoda had applied so many charges which it later waived. She felt this suggested the inspector's conclusions couldn't be relied on. She asked for the complaint to be referred to an Ombudsman for a final decision. So, it's been passed to me to decide.

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.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is more likely than not to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mrs D was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

The terms of the agreement state that the car needed to be returned in good repair and condition, allowing for fair wear and tear as outlined in the BVRLA guidelines. They state that Skoda may charge for any damage that goes beyond fair wear and tear. I've considered whether the charges were applied fairly – taking all of the evidence into account. I've also considered the BVRLA guidance on what is considered fair wear and tear. The guidance is generally intended for newer cars that have been returned at the end of their first finance agreement – so I think it's relevant here.

Mrs D says it's unfair for Skoda to apply charges, as it hasn't shown that it arranged any repairs to the car before selling it. But I don't think that Skoda needs to show that it arranged the repairs. The BVRLA guidance says charges can be applied at the end of an agreement even if the hiring company decides not to repair the damage. The charges are effectively intended to compensate the hiring company for the fact that the car was returned with damage that went beyond fair wear and tear. And it's reasonable to assume that damage to a car that goes beyond fair wear and tear will have an impact on the potential sale price of the car. So, as long as Skoda can show that damage went beyond fair wear and tear, I'm satisfied it can apply a charge for it.

The majority of the charges have now been waived, and Mrs D says she accepts the charge for the broken air vent – so I won't comment on these charges in detail. This leaves only the charge for the replacement bumper. Skoda has applied a charge of £875.89 to replace the bumper. I've considered whether Skoda has provided sufficient evidence to show that damage to the bumper went beyond fair wear and tear and that it needed to be replaced as a result.

I've reviewed the inspection report. This includes a photo of the bumper, which has a crack forming a hole measuring approximately 5mm. Mrs D has also provided a photo of the bumper taken before the car was returned, and the hole is clearly visible. Mrs D says the hole previously held a fitting which was used to hold something in place during repairs that

she arranged before returning the car. She said her repairer had screwed the fitting into the bumper, but that it had since fallen out.

Mrs D hasn't provided any further detail about the fitting or photos of it. So, it's not clear what the fitting was or why it was necessary. But based on Mrs D's comments, I'm satisfied the hole was likely created when her repairer screwed a fitting into the bumper during the course of the repairs that she arranged. I haven't seen any evidence to suggest that the hole was present when the car was supplied to Mrs D.

The BVRLA guidance states that obvious evidence of poor repair is unacceptable, and that after-market parts and accessories must only be fitted with approval from the hiring company. I can't see that Skoda was made aware that a fitting was going to be added to the rear bumper or that it agreed to this. The guidance makes allowances for chips, scratches and dents to the bodywork – but not for cracks or holes. So, I'm satisfied the damage doesn't fall within fair wear and tear.

Mrs D says Skoda didn't need to replace the entire bumper, and that it could have simply replaced the fitting. But the fitting wasn't part of the car as it was supplied to Mrs D or added with Skoda's approval. Even if Mrs D had demonstrated what the fitting was, I couldn't fairly agree that replacing it would put right the damage to the bumper.

Skoda classified the bumper as 'broken' and said even if the damage could be repaired, the hole had altered its shape. I think this is a reasonable assessment of the bumper's condition. Given that the crack forms a hole that goes straight through the bumper, I'm persuaded the inspector's conclusion that it needed to be replaced was fair. And I don't find the charge Skoda applied to be excessive or unreasonable in the circumstances.

Mrs D says the fact that so many charges were waived suggests the inspector's conclusions can't be relied on. I'd like to reassure Mrs D that in reaching my decision I've taken all of the evidence into account – including her photos and testimony – and haven't solely relied on the inspector's report. I'm also satisfied that any charges that weren't fairly applied have effectively been put right – as Skoda agreed to waive them.

I appreciate this will come as a disappointment to Mrs D, but I'm satisfied the charge that she's disputed was applied fairly. So, I don't find that Skoda made an error by applying the charge, and I don't require it to waive the charge or do anything further.

My final decision

My final decision is that I don't uphold Mrs D's complaint about Volkswagen Financial Services (UK) Limited trading as Skoda Financial Services.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 23 July 2025.

Stephen Billings
Ombudsman