

The complaint

Mrs L complains about the amount that she's been charged by Hyundai Capital UK Limited, trading as Kia Finance Contract Hire, after she returned a car that had been supplied to her under a hire agreement. Mrs L's son is representing her in this complaint.

What happened

A new car was supplied to Mrs L under a hire agreement with Kia Finance Contract Hire that she electronically signed in March 2021. The hire agreement was for a fixed period of two years but it was extended and the car was collected from the dealer at which Mrs L had left it by a third party on behalf of Kia Finance Contract Hire in March 2024.

Mrs L complained to Kia Finance Contract Hire that she'd intended to return the car in December 2023 but was unable to do so because of issues with the dealer's IT system. Kia Finance Contract Hire agreed to credit the February 2024 rental payment to Mrs L's account as a gesture of goodwill.

The car was inspected by the third party when it was collected and the inspection report identified damage to the car and other issues with it for which a total charge of £1,695 was recommended. The car's mileage was shown on the report as 59,025 miles which was more than the total contract mileage and Mrs L was invoiced for end of contract charges.

Mrs L complained to Kia Finance Contract Hire about the charges that had been made. It agreed to remove charges totalling £660 for an incomplete service history, the removal of decals and a missing key. Mrs L wasn't satisfied with Kia Finance Contract Hire's responses to her complaints so she complained to this service.

Her complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Kia Finance Contract Hire had acted fairly. She was satisfied that the damage to the left centre post, front bumper moulding and left quarter panel weren't outside of fair wear and tear and weren't chargeable. She recommended that Kia Finance Contract Hire should remove the charges totalling £200 for that damage and provide Mrs L with a revised invoice for the remaining outstanding charges. She was satisfied that Kia Finance Contract Hire had acted fairly by crediting the February 2024 rental payment to Mrs L's account as a gesture of goodwill so she said that she wasn't going to ask it to do anything further in relation to the early termination.

Kia Finance Contract Hire has agreed to remove the charges totalling £200 from Mrs L's account and says that the total outstanding balance would then be £2,037.26. Mrs L's son says that Mrs L only wants to pay £1,500 and isn't disputing the excess mileage charge of £1,262.26 but doesn't agree with the damage charges or the £90 that's been charged for dealing with parking fines. He also says that Kia Finance Contract Hire should refund another monthly rental payment as it was Mrs L's intention to return the car two months early and the only reason that she couldn't do that was the IT issue. As Mrs L didn't accept the investigator's recommendation, I've been asked to issue a decision on this 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.

Mrs L's son says that Mrs L wanted to return the car in December 2023 but wasn't able to do so because of an IT issue that was affecting the dealer. Kia Finance Contract Hire says that Mrs L's son first contacted it in January 2024 to arrange collection of the car but he said that the car was with the dealer due to an electrical fault and coolant issue and it explained to him that it was unable to collect the car while it was being repaired. It also says that the dealer has confirmed that there was an IT issue but says that the main reason for the delay to the work was an issue with the service history of the car which delayed a warranty claim being accepted.

Kia Finance Contract Hire agreed to credit the February 2024 rental payment to Mrs L's account as a gesture of goodwill but Mrs L's son said that the direct debit for the monthly payment had already been cancelled and that Kia Finance Contract Hire should also refund the January 2024 rental payment. I've seen no evidence to show that Mrs L or her son contacted Kia Finance Contract Hire about returning the car before January 2024 and the car couldn't then be collected because it was being repaired. The car was collected from the dealer in March 2024 and Kia Finance Contract Hire has credited the February 2024 rental payment to Mrs L's account. I consider that to have been a fair and reasonable response to Mrs L's complaint about the monthly payments. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Kia Finance Contract Hire to refund another monthly payment to Mrs L's account.

The car's mileage when it was returned was 59,025 miles and Mrs L was charged £1,262.26 for excess mileage but her son says that the excess mileage charge isn't being disputed. The inspection report identified damage to the car and issues with it and a total charge of £1,695 was recommended. Mrs L complained to Kia Finance Contract Hire about those charges and it agreed to remove charges totalling £660 for an incomplete service history, the removal of decals and a missing key. The investigator recommended that Kia Finance Contract Hire should remove the charges totalling £200 for the damage to the left centre post, front bumper moulding and left quarter panel and it has accepted her recommendation.

The other items shown on the inspection report for which charges are being made are a dented left back post, four scuffed alloy wheels, a dented rear door and scuffed front and rear bumpers. The inspection report includes photos of the damage and the investigator explained why she considered that the damage was more than fair wear and tear in accordance with the British Vehicle Rental and Leasing Association guidelines on fair wear and tear. I've carefully considered each of those items of identified damage and I'm satisfied that the investigator's explanations are correct. I consider each of those items of damage to be more than would properly be considered to be fair wear and tear in accordance with the guidelines and the terms of the hire agreement. The total charge for those items of damage is £835. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Kia Finance Contract Hire to remove any of those charges from Mrs L's account.

Mrs L's son also says that Mrs L doesn't agree with the £90 that's been charged for dealing with parking fines. I can't see that Mrs L has complained to Kia Finance Contract Hire about that charge and I can't see any reference to it in the complaint that was initially made to this service so I'm unable to consider a complaint about that charge in this decision.

Putting things right

The investigator recommended that Kia Finance Contract Hire should reduce the charge for

the damage to the car by £200 to £835. It has agreed to do so and I'm not persuaded that it would be fair or reasonable in these circumstances for me to require it to further reduce those charges or to take any other action in response to Mrs L's complaint.

My final decision

My decision is that I uphold Mrs L's complaint in part and I order Hyundai Capital UK Limited, trading as Kia Finance Contract Hire, to reduce the charge for the damage to the car by £200 to £835.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 26 May 2025.

Jarrold Hastings
Ombudsman