

The complaint

Mr S complains about end of contract charges when his agreement with Mitsubishi HC Capital UK PLC trading as Novuna Vehicle Solutions (“Novuna”) ended.

What happened

Mr S was supplied with a vehicle under a lease agreement with Novuna. When the agreement ended the car was inspected and a charge of £402.44 was applied for a hole in the carpet, which Novuna said went beyond wear and tear.

Mr S disputed the charge. He said the hole was consistent with expected wear and tear from regular vehicle use. He also said the charge was disproportionate to the size of the hole.

Novuna didn’t uphold the complaint. It said the inspector had recorded a hole of more than 10mm in the carpet. Novuna said the BVLRA guidelines stated that carpets should not have holes, and that there was no tolerance within the guidance for holes.

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

Our investigator didn’t uphold the complaint. She said the image of the damage to the carpet showed visible deterioration significant enough to expose the underlying material, which met the definition of a hole. The investigator said this was beyond reasonable wear and tear and that the charge was fair.

Mr S 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 S, 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 agreement. This states that Mr S is under an obligation to keep the vehicle in good condition and repair, and that he will be responsible for any damage caused or deterioration of the vehicle otherwise than through fair wear and tear as indicated by the BVLRA guidelines. Mr S accepted the terms and conditions when he entered into the agreement.

I’ve reviewed the BVLRA guidelines. These state (in relation to the interior of the vehicle) that interior upholstery and trim must be clean and odourless with no burns, scratches, tears, dents or staining, and that carpets should not have holes.

I've reviewed the inspection report and the images. The image of the carpet shows a hole. I'm satisfied that the damage is a hole because it's possible to see the exposed material underneath it.

The BVLRA guidelines don't have a size tolerance for holes. They state that (in relation to carpets) that holes aren't acceptable. Based on my review of the image and taking the guidelines into account, I'm unable to say that the hole is acceptable wear and tear.

For this reason, I think the charge for damage has been correctly applied. I'm unable to say that Novuna has made an error or treated Mr S unfairly.

Mr S has also raised an issue concerning payment for the damage. He says that Novuna took funds from his account without authorisation. I've reviewed the agreement and it clearly states that charges may be applied for damage which goes beyond wear and tear. Mr S accepted the terms and conditions when he entered into the agreement. So I'm unable to say that the charges weren't authorised.

Mr S has also said that Novuna shouldn't have taken funds whilst the damage was in dispute. He's said that it's against regulations to withdraw funds whilst an investigation is ongoing. I'm not aware of any regulations which prevent a business from withdrawing an authorised charge, notwithstanding that there may be an ongoing complaint to this service. A business may – at its discretion – agree to put a charge on hold.

This service asked Novuna to comment on this point. It said that where customers are dissatisfied and wish to escalate to this service, it would usually place an invoice in dispute until an outcome has been reached. It said it does this as a courtesy, but there is no requirement on it to do so. Novuna explained that sometimes it isn't possible to place the invoice in dispute and not send an arrears letter due to the timing of the direct debit collection. It confirmed that in this case it advised Mr S that the payment for the damage would be collected if his direct debit remained active. It also said that once the arrears letter was received by Mr S, he made a manual payment of the outstanding balance. Based on what I've seen, I'm unable to say that Novuna made an error when it collected the payment.

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 S to accept or reject my decision before 5 June 2025.

Emma Davy
Ombudsman