

The complaint

Ms L complains about the end of contract damage charges RCI Financial Services Limited ("RCI") have asked her to pay when she returned a car at the end of a hire purchase agreement.

What happened

In December 2020, Ms L was supplied with a used car through a hire purchase agreement with RCI. The total cost of the car was £11,498, with an advance payment of £1500. The credit agreement was for £10,148 over 36 months; with 35 monthly repayments of £179.10, and one final repayment of £5,985 plus a £1 payment if Ms L opted to purchase the vehicle. At the time of supply, the car was around three years old and had done around 11,391 miles. The Annual Mileage Allowance was 8,000, with a charge of £0.08 per mile should this be exceeded. The agreement outlined the conditions for return of the vehicle.

Due to Ms L's personal circumstances, she did not visit the showroom to purchase the vehicle, but decided to go ahead with it following a video call. The car was delivered to her in late December 2020. Shortly after taking possession of the car, Ms L emailed the dealership thanking them for the car, but referencing spots in the paint work on the front, as well as a "D scratch" on the back seat drivers side of the car and a mark on the frame work of the door. She asked to arrange a time in the new year to repair these issues.

On 12 January 2021, Ms L emailed to confirm she was disappointed with the service from the dealership and stated that the car was delivered to her address after she had only seen a video, and reconfirming that there were scratches and spots of missing paint at the front and sides. She stated in the email that she had been expecting a call in relation to the repairs however she was disappointed not to have received it. On 19 January 2021, an appointment was made to remedy the issues with the car.

After three years the agreement ended and on 10 January 2024 the car was collected. An inspection was carried out at that time. The inspection identified a number of issues with the car which carried charges in line with the terms and conditions of the agreement that Ms L had entered into. These included damage to the bodywork of the car, the alloy wheels, a tear in one of the seats, missing service history, missing locking wheel nut key and no V5c. The total cost of the charges for these items was £1,669.84. The following day Ms L emailed the dealership to confirm that she had found the missing V5c document. In an email dated 16 Jan 2024 she confirmed that she disagreed with the inspection report and the charges being applied. In this email she stated there were bad paint work spots, rust on the exhaust and scratches on the front of the car visible when the car was originally delivered.

On 18 March 2024, Ms L complained to RCI in respect of the charges applied. She stated that the damage identified at the point of the inspection was present at the time the car was delivered to her, and that she had never been issued with a locking wheel nut key. RCI did not uphold the complaint. They confirmed that their inspectors adhere to the standards set by the British Vehicle Rental and Leasing Association ("BVRLA") in respect of fair wear and tear. Having reviewed the inspector's report, they agreed that the issues reported are outside of these standards. Although this guide is usually used to consider

damage to cars that are four years old or less (and Ms L's vehicle was six years old when it was returned), a broader approach than that specified within the guide can be applied for older cars.

In their response to Ms L's complaint, RCI stated that the car was sold at auction at a loss of £825 below the guide price set, therefore as a gesture of goodwill they removed £951 of charges (these related to "dirt in paint"), and stated that the new balance owing by Ms L was £839.24. They offered to spread this cost to assist with repayment. RCI also stated that the dealership confirmed that repairs to the alloy wheels and near side door were completed prior to sale and that Ms L had never reported the issue during the four years she owned the vehicle.

Following RCI's response to her complaint, Ms L reiterated her stance that the alloy scuffs were there from outset, and there was never a locking wheel key. She states that she asked someone at the dealership when a repair on the exhaust was being carried out in March 2021 and was told there was no locking wheel nut key.

Having considered the evidence available, our investigator provided his view to both parties. He concluded that it was fair that RCI had removed the charges in respect of the paint damage, but that the remaining charges were fair. He believed that the evidence indicated that Ms L was more likely than not to have had possession of the locking wheel nut key and that there was no provision for the V5c document to be returned late, therefore it was fair for RCI to have levied charges in respect of these.

Ms L did not agree with this outcome and the complaint has been forwarded to me for a decision.

Provisional Findings

I issued my provisional decision on 9 May 2025. It said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I have come to broadly the same conclusion as the investigator, although differ in respect of the locking wheel nut key and uphold this element of Ms L's complaint.

Ms L signed the hire purchase agreement for the car in December 2020. Looking at this agreement it sets out a number of terms and conditions. These stated that Ms L must take reasonable care of "the Goods" – in this case, this refers to the car Ms L had taken possession of under the contract. It stated that this included ensuring that it was properly maintained and kept in good repair and condition at all times, and was serviced in accordance with the recommendation of, and at the service intervals specified by the manufacturer. It further stated that Ms L would be responsible for any loss or damage to the car excluding any fair wear and tear.

When the car was collected at the end of the agreement with Ms L, a number of charges were applied in relation to damage to the vehicle and missing items. Ms L disputes that these charges are reasonable, and states that one of the items, the locking wheel nut key, was never provided to her when she took possession of the vehicle, and states that the damage she is being charged for was present prior to her taking possession of the vehicle. It is therefore for me to ascertain whether or not the issues raised were present when the car was supplied, and if not, whether it is reasonable for RCI to expect Ms L to pay for these. In her correspondence to this service, Ms L has sent a number of photographs which she states were taken when the vehicle was delivered to her. These show the "dirt in paint"

referenced. She states that she had a video purchase as her personal circumstances meant that she was unable to visit the showroom, and that the car was delivered to her, meaning that she was unable to carry out a full inspection. She states that she was not offered a test drive or to view the inside of the car.

I have also been provided with the inspection report completed when the vehicle was collected from Ms L on 10 January 2024. This includes a description of the various points inspected, as well as a number of photographs of the car. At that time, the mileage of the vehicle was 36,896.

The inspection report confirms that the condition of all tyres was acceptable, and that the last service had been carried out on 9 October 2020 when the mileage was 11,105. The damage assessment showed 12 areas of damage to the paintwork/dents as well as a torn front seat based cover, one area of alloy damage measuring "100mm+", and two smaller areas of wheel damage. Due to the differences in severity, it is noted that no charge was attributed to the less significant of these.

In addition to the damage, it was noted that the locking wheel nut key and the V5c were both missing, and the service history was incomplete.

Following Ms L's initial complaint to RCI they have removed all charges relating to damage to the paintwork on the body of the vehicle therefore I have not considered these further. The remaining charges total £839.24, and relate to;

- Scuffed Front Alloy Wheel Right (£65)
- Scuffed Front Steel Wheel Left (£65)
- Torn Front Seat Base Cover (£319.27)
- Missing Locking Wheel Nut/Key (£44.57)
- Missing V5c (£75)
- Missing Service History (£150)
- Excess Mileage Charge (£120.40)

I have considered each of these elements in turn.

Ms L states that when the car was delivered to her there was damage that had not been pointed out to her prior to her taking possession. She has provided emails to support the fact that she raised this issue with the dealership, in which she describes the issues to be scratches and spots of missing paint on the front and sides of the car. It is clear from the email correspondence that Ms L was not happy with the service from the dealership, however it appears that the issues were remedied by the dealership in or around January 2021. I think it is reasonable to conclude that if the scuffs to the alloy wheels and the torn seat cover identified in the inspection in January 2024 had been present at the time Ms L raised the issues relating to the paintwork damage, that she would also have raised these issues too. I am therefore persuaded that they were not present at the time Ms L took possession of the vehicle. I have next considered whether it is reasonable for RCI to have charged Ms L for this damage.

When considering this, I have taken into account the BVRLA standards in respect of fair wear and tear. In respect of wheels and wheel trims, it states "scuffs totalling up to 50mm on the total circumference of the wheel trim and on alloy wheels are acceptable". The photographs and description of the damage to the alloy wheels exceeds this, and therefore it is fair that RCI have made a charge for this. In respect of the vehicle interior, the BVRLA standards state "the interior upholstery and trim must be clean and odourless with no burns,

scratches, tears, dents or staining". The photographs from the inspection clearly show a tear to the seat of the car, for which RCI have made a charge. I agree that this charge is fair.

The inspection report shows a number of items missing – that is, the service history, V5c and locking wheel nut key. The finance agreement signed by Ms L states that the car must be serviced in line with the manufacturer's guidelines. Having reviewed the manufacturer's guidance, it seems that Ms L should have had various levels of servicing carried out during the time she was in possession of the vehicle at twelve monthly intervals (or sooner depending on the mileage of the car). This was not carried out, and accordingly, Ms L was charged a fee under the terms of the agreement. I agree that this charge is also fair.

Ms L has confirmed that the V5c was not available when the vehicle was collected in January 2024, and she emailed the following day to advise RCI that it had been found. The credit agreement states "Upon return of the goods for any reason, (whether these are delivered to us or are collected), you must remove all personal effects and you must ensure that the following items are returned at the same time;

- (a) All keys and key fobs/electronic access/starting cards as originally supplied with the goods; and
- (b) All documentation as originally supplied with the goods, including all driver manuals and a properly completed and stamped servicing record, MOT certificate (if applicable) and the vehicle registration document."

The credit agreement does not include provision for the documentation to be returned at a later date than the vehicle itself. I have considered whether there were any circumstances which would have meant it would not have been possible for Ms L to return the documentation at the time the car was collected. However, there is no evidence (nor has Ms L indicated) that the car was collected at short notice which may have meant that she would not have had time to locate the V5c. Nor have I been provided with evidence indicating any other extenuating circumstances were present that would have meant Ms L could not have provided the documentation at the same time as the vehicle – I therefore agree that it is fair that a fee was charged in respect of this.

A charge was applied in respect of the missing locking wheel nut key. Ms L states that this was not present at the time the vehicle was supplied. When the investigator considered this, he concluded that as the MOT carried out in October 2023 had passed with an advisory that the front tyres were on their limit, and the tyres were stated to be satisfactory when the car was returned in January 2024, it was likely that the tyres had been replaced. From this he concluded that the locking wheel nut key would have been required and must have been present at that time. I do not agree with this assertion, particularly due to the short period of time that elapsed between the MOT in October 2023 and the car being collected in January 2024, between which times the car had carried out 1,235 miles. The MOT advisory does not state the depth of the tread, it just states the front tyres had a tread depth which was on the limit. An MOT advisory is usually issued with a tread depth of between 3mm and 4mm. The inspection report shows the tread depth of 3.56 (NSF) and 3.26 (OSF). New tyres usually have a tread depth of between 7mm and 10mm. Given the depth of the tread at the time the vehicle was collected and as the car had done 1,235 miles between MOT and inspection, I think it is fair to say that the tyres were unlikely to have been replaced between the MOT and the car being collected.

I do not accept that there is evidence that the locking wheel nut key had been present during that time Ms L was in possession of the vehicle. Unlike damage to the body work or the interior of the car, I think it is reasonable to consider that a person who did not have previous experience of owning cars may not necessarily identify that an item such as a locking wheel

nut key was missing, and therefore would not raise this issue when the car was delivered. I therefore uphold this element of Ms L's complaint.

When Ms L took possession of the car, the mileage was 11,391, and the mileage allowance was 8,000 per year. Ms L had the car for three years, meaning the maximum allowable mileage was 24,000. When the car was returned, the mileage was 36,896, which is 1,505 over the maximum allowable. The excess mileage charge was £0.08 per mile, meaning the additional charge payable was £120.40. I agree that it is fair that Ms L would be charged this amount.

Responses to My provisional decision

I have received a response from RCI stating that they accept my provisional decision. They have not made any additional comments or provided further evidence for consideration. I have not received any response from Ms L in response to my provisional decision.

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.

As no new information or evidence has been received from RCI and I have not had a response to my provisional decision from Ms L, I see no reason to change my decision. So I remain of the view I set out in my provisional decision – my findings as set out above should be considered as part of my final decision. It follows that I uphold this complaint.

Putting things right

As detailed above, I conclude that six of the seven charges that RCI are seeking to charge for can fairly be related to damage or missing items arising during the time that Ms L had possession of the vehicle which exceed a reasonable level of fair wear and tear. However, for the missing locking wheel nut key I am not satisfied that this was provided to Ms L at the time the vehicle was supplied, and therefore direct that the charge associated to this (£44.57) be removed from the total charges by RCI. This therefore means that the amount Ms L must pay is £794.77.

My final decision

For the reasons explained, I uphold Ms L's complaint against RCI Financial Services Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 10 July 2025.

Joanne Molloy
Ombudsman