DRN-5704138

The complaint

Ms K is unhappy that BMW Financial Services(GB) Limited trading as ALPHERA Financial Services ("BFS") is seeking payment for repairs to the car she returned following a voluntary termination of her credit agreement.

When I refer to what Ms K has said and what BFS has said, it should also be taken to include things said on their behalf.

What happened

On 4 June 2024, BFS collected Ms K's car following a voluntary termination of the hire purchase agreement. Later, Ms K received an invoice from BFS charging her for more damage to the car than had been recorded at the point of collection. She complained to BFS again, but she only received reminders for payment of the damage charges.

In the absence of a response from BFS, Ms K brought this second complaint to us. Although she'd signed the inspection report for the first charges, Ms K disputed the fairness because she thought the damage reported fell within a reasonable definition of fair wear and tear. Ms K disputed all of the additional charges because the damage hadn't been present or noted during the first inspection.

Ms K said that because BFS failed to respond to her complaint, the charges remained unpaid and in dispute for longer than necessary. Therefore, she felt that BFS shouldn't have provided adverse information to the credit reference agencies, which she said resulted in her subsequent applications for credit being declined.

BFS responded to our request for information about Ms K's complaint. It said the damage charges were correctly applied in line with the final inspection report and the hire purchase agreement. Therefore, BFS didn't think it had done anything wrong.

Our investigator reviewed the evidence upon which BFS had based the damage charges and agreed that all but one were correctly charged. After further contact from Ms K, our investigator thought that compensation of £100 was warranted for BFS's failure to provide the level of service she could've expected. However, he maintained his view that all but one of the charges were valid. In respect of Ms K's concerns about her credit file, our investigator said it was standard practice for a business to chase payment of unpaid charges. Our investigator recommended that BFS should remove the charge for the 'Door RHF' at £119.86, and pay £100 compensation.

Ms K didn't agree. She said the additional damage could've been caused during the transit period from when her car was collected to the date of the second inspection eight days later. Ms K repeated that she didn't dispute the existence of the damage recorded during the first inspection, but she maintained that it was fair wear and tear for an 8-year-old car

I issued a provisional decision in June 2025, where I explained my intention to uphold the complaint. Here's what I said:

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 is incomplete or contradictory, I've reached my view on the balance of probabilities. The British Vehicle Rental and Leasing Association (BVRLA) provides guidance to help determine what damage can be considered fair wear and tear at the end of a lease agreement. I've relied on this guidance, amongst other things, in reaching my provisional decision.

BFS supplied Ms K with a car on hire purchase in October 2020 and she complained to BFS about the quality of the car in 2024. Ms K brought a complaint to this service after the voluntary termination of her hire purchase agreement which she didn't think BFS should've offered. We upheld Ms K's complaint and part of our requirements to BFS were to refund her deposit and amend her credit file to reflect a cancellation rather than a voluntary termination. This matter has been resolved so I don't intend to comment further on the merits of the complaint. However, I've considered all of the relevant evidence already on file, including the hire purchase agreement, in reaching my decision.

When Ms K's car was collected on 4 June 2024, an inspection report was completed which included photos and the charges for repairing damage considered to be outside fair wear and tear. The car was loaded onto a vehicle for transportation out of the country. BFS completed another inspection eight days later and billed Ms K for additional damage. It was at this point that Ms K raised her complaint.

Ms K says that she doesn't dispute the existence of the damage originally identified, but she doesn't think it amounts to anything more than fair wear and tear for a car of that age. Looking at the invoice dated 4 June 2024, I see charges for alloy damage to all four wheels, a cut on the LHR tyre, and a cracked rear bumper. The invoice shows a total charge of £608.86 for this damage.

I've looked at the BVRLA guidance bearing in mind Ms K's point that her car was older than the typical car at the end of a hire agreement. It says:

> ***"Tyre wear and damage***
> *There must be no damage to sidewalls or tread, or any cracking.*
>
> ***Wheels and wheel trims***
> *Dents on wheel rims and wheel trims are not acceptable.*
>
> *Scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels/wheel hubs are acceptable.*
>
> *Any damage to the wheel spokes, wheel fascia, or hub of the wheel/alloy is not acceptable. There must be no rust or corrosion on the alloy wheels/wheel hubs.*
>
> ***Paintwork, vehicle body, bumpers and trim***
> *There must be no rust, corrosion or discolouration on any painted area, including painted bumpers.*
>
> *Dents of 15mm or less in diameter are acceptable provided there are no more than two per panel and the paint surface is not broken."*

The photos from the first inspection report show that all four alloys are scuffed and scratched all the way round each wheel. The BVRLA says up to 50mm is acceptable. If I take Ms K's point that her car was probably twice as old as other cars being returned, then I think it's reasonable to say that the equivalent of two 50mm scuffs on the wheel could be acceptable.

Here, it's clear that the wheels have been scuffed and scratched all the way round, which I don't consider is in keeping with fair wear and tear.

The BVRLA also says there should be no damage to the sidewall of the tyres. The photos show a cut in the sidewall of the LHR tyre, along with several smaller tears around it. The integrity of the tyre is a matter of safety, so I don't think it's reasonable to say that any tyre damage is acceptable regardless of the car's age.

The rear bumper is cracked and dented, as if the car had been reversed into a post. While dents of 15mm are acceptable, I'm not persuaded that a cracked and dented bumper can reasonably be considered wear and tear. More likely it is from impact damage which isn't wear and tear.

So, based on the BVRLA guidance, the photos from the initial inspection, and taking into consideration what Ms K has said about the age of the car, I'm not persuaded that any of the charges billed for the 4 June inspection are incorrect. Therefore, I think it's reasonable for BFS to charge Ms K £608.86 for the damage identified.

Moving on to the second inspection on 12 June 2024, the additional damage listed is to the front bumper, three doors, the 'LHR door shut inner', and the 'RH door mirror housing'. The additional charges for these items amounted to £465.72.

Firstly, I'm going to address the charge for the mirror in more detail. That's because Ms K told us that she was aware of that damage when her car was collected, but the agent told her damage to the mirror was considered fair wear and tear. The BVRLA guidance says:

> ***"Door mirrors***
> *Missing, cracked or damaged door mirror glass and housing units are not acceptable."*

An intact door mirror is a requirement for both safety and MOT purposes. That includes the side repeater indicator (the indicator on the mirror housing unit). While I haven't seen anything to suggest the mirror itself was damaged, the housing unit has clearly suffered impact damage. This extends from above to below the side repeater indicator and includes the plastic housing of the indicator. Given the requirement for an intact door mirror and housing unit, I think it's unlikely that this damage would be considered acceptable wear and tear.

I have no reason to doubt that Ms K was told the door mirror damage didn't amount to anything more than wear and tear. But it would've been her responsibility to repair the damage while the car was in her possession. Therefore, I think it's reasonable that she should pay the £30 charge for this.

I'm not intending to go into detail about the rest of the damage. That's because I don't think it was fair for BFS to raise the charges. I've considered the BVRLA guidance again, and I think it reasonably applies when a car is collected under any credit agreement. On the day the vehicle is returned, the BVRLA recommends that:

> *"All readily apparent damage and wear, including that deemed normal wear and tear, will be documented when the vehicle is collected."*

I've considered the photos, both inspection reports, the age of the car, and Ms K's statement that the damage wasn't present before collection. On balance, I'm minded to conclude that the damage, more likely than not, would've been recorded had it been present at the time of collection. It was BFS's responsibility to make an accurate record of the car's condition. The inspection report from the day of collection states there was "good weather" and records the *inspection as “completed”. If any of the additional damage was present, it seems to me that if it wasn’t recorded, then it more than likely can be classed as reasonable wear and tear for a car of that age. This is supported by Ms K’s recollection of the inspector saying the mirror housing was fair wear and tear, and it wasn't recorded on the first inspection report.*

Therefore, I think Ms K could reasonably expect that the first inspection charges, with the exception of the mirror housing for the reasons I’ve given, would be the end of the matter. For these reasons, I’m minded to require BFS to remove all but £30 of the additional charges, leaving the total damage charges at £638.86.

I’ve thought carefully about Ms K’s complaint regarding the credit chasers and the effect on her credit file. Damage charges form part of the credit agreement under the heading Other Charges. Therefore, BFS is entitled to record non-payment of the charges as a late payment and/or default. The credit agreement also makes it clear that BFS will report the account status to the credit reference agencies. Therefore, I don’t think BFS did anything wrong by chasing payment, although I’d expect it to correct the amount to reflect only those charges I think are appropriate.

If Ms K remains concerned about the effect on her credit file, she may wish to contact the relevant credit reference agencies to add a Notice of Correction. This will allow her to provide context to the outstanding charges.

Finally, I’ve noted what Ms K has said about BFS failing to respond to her complaint. As our investigator explained, we don’t have the power to look at complaint handling because it’s not a regulated service. However, I have looked at the matter as a whole and I think BFS didn’t treat Ms K fairly in the circumstances. That’s because it failed to respond to her reasonable challenge to the charges, essentially ignoring her as its customer. I think that equates to failing to provide her with the information she needed to make an informed decision and warrants compensation. Our investigator proposed £100 and, in the circumstances, I think that’s fair.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Responses

Neither Ms K nor BFS provided a 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 neither Ms K nor BFS said anything to the contrary, I'm taking their lack of comment to mean they don't object to my provisional decision.

Even so, in the absence of a response, I looked at the evidence again to make sure that what I proposed remains fair and reasonable in the circumstances. Having done so, I'm satisfied that the actions I proposed are warranted. In summary, I thought it was unfair that BFS raised additional charges for damage which hadn't been identified at the time of collection, and were noted only after the car had been removed from Ms K's possession. So, with the exception of the charge for the door mirror housing, I remain of the view that BFS should remove the additional charges.

Given this, I see no reason why I shouldn't now adopt my provisional view as my final decision.

My final decision

For the reasons explained, I uphold Ms K's complaint and BMW Financial Services(GB) Limited trading as ALPHERA Financial Services must:

- remove all charges not invoiced on 4 June 2024 with the exception of £30 for the mirror housing unit damage, and
- pay £100 compensation for the failure to communicate fully with Ms K regarding the charges on her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 18 August 2025.

Debra Vaughan
Ombudsman