

The complaint

Miss S complains about the charges BMW Financial Services(GB) Limited (t/a ALPHERA Financial Services) ("BMWFS") applied when she returned a car having voluntarily terminated her credit agreement.

What happened

Miss S entered into a hire purchase agreement in March 2022. In 2025 Miss decided to voluntarily terminate the agreement. BMWFS invoiced her for damage to the car when she returned it, but Miss S says the charges are unfair, the car was returned in immaculate condition, and the fact she didn't utilise all of the mileage allowance – she drove fewer miles than she was permitted – should be taken into account.

Miss S told us:

- The car was collected by a third party that carried out an inspection, and she received a report later that same day that detailed some minor scratches and a dent in one of the doors;
- the scratches were caused by contact with bushes while driving along country lanes, and the dent in the car door was small, and was caused by another driver in a car park when they opened their car door into her door;
- she's happy to pay for the damage to the car door, but she believes the scratches are simply wear and tear;
- the car has been incredibly well looked after, and the servicing history is completely up to date with. She says the car's mileage was very low, and nowhere near the mileage she thought she'd drive when she took out the credit agreement. Miss S says the leather interior was immaculate and all her payments were made in a timely manner and completely up to date;
- the charges are a complete injustice and have caused her a lot of stress.

BMWFS rejected Miss S' complaint. It said under the terms of Miss S' agreement, she needed to return the vehicle with no damage outside of fair wear and tear. And it explained that it had reviewed the photographs and the report provided by its collection agent, and it was satisfied that the identified damage was clearly evidenced and was outside fair wear and tear.

It explained that the third-party collection agent had inspected the car against the industry standards set out in the British Vehicle Renting and Leasing Association (BVRLA) guidelines and identified issues in a number of areas:

1. Bumper front – scratched right corner greater than 25mm through topcoat £45.00
2. Bumper rear – scratched left corner greater than 25mm through topcoat £45.00
3. Door LHF – scratched greater than 25mm through topcoat – repaint £160.00
4. Door LHR – scratched greater than 25mm through topcoat – repaint £160.00
5. Quarter panel LHR – scratched greater than 25mm topcoat – repaint £160.00

BMWFS said it was satisfied that the correct charges had been applied.

Miss S disagreed and brought her complaint to this Service, and because of this, BMWFS reviewed its position and the photographic evidence. It said it thought the charges for scratches on the doors were excessive and it offered to reduce these two items by 50%. It said this would reduce the overall invoice from £570 to £410.

Miss S didn't not accept BMWFS' offer. She said the car had been looked after impeccably, and the only damage – the dent to the car door – wasn't her fault. She said she'd asked BMWFS to provide evidence of the work undertaken to repair the car, but this has not been forthcoming. She said she assumed no repair work had actually been undertaken, and the car had simply been sold on.

Our investigator looked at this complaint and said she didn't think it should be upheld. She explained that the standard for what constitutes fair wear and tear is set out in the British Vehicle Renting Leasing Association (BVRLA) guidelines and her role was to decide whether the charges applied by BMWFS were fair and reasonable.

She said she'd reviewed the evidence from the inspection and was satisfied that it was sufficient to show that the damages identified exceed BVRLA fair wear and tear guidance, and that the charges had been applied fairly – it simply wouldn't be fair or reasonable to ask BMWFS to do anything else. And she explained that BMWFS isn't required to provide evidence of the cost of the repairs, as it set out that charges can be applied if a car is damaged, beyond what BVRLA considers acceptable.

Miss S disagrees, so the complaint comes to me to decide. And in addition to earlier comments, Miss S says she could've easily repaired the scratches herself.

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.

Having done so, I've reached the same conclusion as our investigator and for broadly the same reasons and I don't think this complaint should be upheld. I'll explain why.

As the hire purchase agreement entered into by Miss S is a regulated consumer credit agreement this Service is able to consider complaints relating to it.

The terms and conditions of the agreement say that *"If the vehicle is not returned in good repair and condition...we will charge you a set cost for each item of damage we would have to repair to return the vehicle to the state we expected it to be in (we use recognised industry standards to determine this)" ... "we may sell the vehicle without repairing it in which case you will have to compensate us for the resulting reduction in the vehicle's value"*.

So, I'm satisfied that Miss S was responsible for returning the car in good condition, and that the car's condition would be assessed against the industry guidelines – these are issued by BVRLA. But the question is whether all the charges applied by BMWFS are fair and reasonable.

Fair wear and tear guidelines have been issued by the British Vehicle Rental and Leasing Association (BVLRA) and these are accepted as an industry standard in determining whether any damage goes beyond fair wear and tear.

So, I have taken these into account when deciding what is fair and reasonable for BMWFS to charge Miss S. BMWFS claims there are 5 areas of damage that it deems to be outside fair wear and tear.

1. Bumper front – scratched right corner greater than 25mm through topcoat £45.00
2. Bumper rear – scratched left corner greater than 25mm through topcoat £45.00
3. Door LHF – scratched greater than 25mm through topcoat – repaint £80.00
4. Door LHR – scratched greater than 25mm through topcoat – repaint £80.00
5. Quarter panel LHR – scratched greater than 25mm topcoat – repaint £160.00

The BVRLA guidance says, *“Surface scuffs or scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided, they can be polished out”*.

I've looked carefully at all the photographs provided by BMWFS, and I'm satisfied that each of the scratches exceeds the permitted level. Accordingly, I'm satisfied these charges have been applied fairly and in accordance with the industry guidelines.

Miss S questions the integrity of the independent third-party that carried out the assessment. But I have to tell her that the party appointed by BMWFS is one that is recognised in the industry, to conduct these types of assessment. Their role was to collect the vehicle and document any damage. It was for BMWFS to determine the level of charges and to provide Miss S with an invoice once it had assessed the independent report.

Miss S told us that she could've repaired the scratches herself – and indeed she could've done. The BVRLA guidance is clear; it says that customers can arrange *“to repair areas of damage and replace missing equipment and accessories before the vehicle is returned, ensuring that any work carried out is done to a professional standard by a repairer who can provide a transferable warranty for the work”*.

So, I think that Miss S had ample opportunity to familiarise himself with the fair wear and tear expectations and this provided her with the opportunity to have any repairs carried out prior to any inspection. But Miss did not choose to have repairs undertaken before she returned the car, so I don't need to consider this point further.

I've considered what Miss S says about seeking assurances that the repairs were all carried out by BMWFS and at the cost detailed in her invoice. But it's not for this Service to tell BMWFS how to go about making repairs in a situation like this, indeed BMWFS doesn't *have* to make any repairs at all. The charges that BMWFS makes covers the cost of the repairs or, alternatively, they compensate it for any loss in value that it *might* suffer due to the damage on the car.

Finally, I've gone on to consider whether there was any *other* reason why it would be unfair for BMWFS to apply these charges. Miss S says that the car was returned with a lower-than-expected mileage, and in immaculate condition. But I've seen nothing in the agreement terms and conditions that would allow for Miss S to receive a discount for utilising less than the maximum permitted mileage or for returning the car in the immaculate condition she describes. So, I wouldn't expect BMWFS to offer Miss S any rebate for this.

Given all of the above, I'm satisfied that the charges BMWFS asked Miss S to pay were applied fairly and in line with relevant industry guidance.

I know Miss S will be disappointed with the outcome of her complaint, but I hope she understands why I've reached the conclusions that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 October 2025.

Andrew Macnamara
Ombudsman