

The complaint

Mrs Z complained about end of contract charges for a car supplied on finance by Santander Consumer (UK) plc trading as Santander Consumer Contract Hire ("SCCH").

What happened

Both parties are familiar with the events of this complaint, so I've summarised these here.

SCCH supplied Mrs Z with a new car on a hire agreement in September 2021. The contract was for a minimum of 36 months. A first rental of around £700 was required followed by 35 payments of around £230.

Mrs Z arranged to return the car in October 2024 and SCCH sent its agent to inspect and collect the car. Mrs Z said that money for end of contract charges was taken from her bank account, so she contacted SCCH to get a refund.

SCCH said it sent Mrs Z an invoice for around £1,020 for damage charges, having reduced the overall amount by £150 as an allowance for additional wear and tear.

I've listed the charges below:

Area	Damage	Charge
Front alloy wheel L	scuffed	£60
Rear door L	Scratched through paint – 100mm+ refinish	£160
Front door L	Dirt in paint/poor repair refinish	£160
Quarter panel L	Paint run/poor repair - refinish	£160
Tailgate/boot	Dirt in paint/poor repair	£160
Quarter panel R	Dull paint/poor repair	£160
Rear door R	Dirt in paint/poor repair	£160
All panels	Soiled - valet	£50
Service history	incomplete	£100

Mrs Z complained to SCCH in October 2024. She said she didn't agree with the damage charges as the damage was already on the car when she received it and no repair work had been completed. She said that SCCH's agent took an hour to inspect the car, and she felt taken advantage of. She said she didn't receive the report from the agent and had disputed the findings with the agent. Mrs Z said that the money was taken from her bank account without her knowledge as she didn't get any letters. This led to stress, anxiety and sleepless nights.

SCCH said it removed the valet charge, leaving the balance of £970. It said that Mrs Z had completed a direct debit indemnity to get a refund, and it had also refunded the full amount because she said she didn't get the invoice. But ultimately it said that the remaining charges were correct and did not uphold the complaint. Mrs Z later provided evidence that she'd completed a service, and it removed the charge leaving a balance of £870. Mrs Z confirmed she'd repaid the duplicated refund.

Mrs Z referred her complaint to the Financial Ombudsman. She said that she'd received the car in the same condition, and the alleged imperfections were so minimal they would have been impossible for a layperson to detect at the time of collection. The issues were not visible to the naked eye and only identified using specialised equipment by a professional which suggest the defects likely originated from the factory. The paint defects were a factory defect not caused during the lease. The report was not provided which prevented her from getting a third-party expert to inspect the car. No invoice was provided, and the payment was taken from her account. The alleged damages also fall within the scope of fair wear and tear, as imperfections are typical of normal use.

The charges were unfair, lack transparency and violate the terms of the leasing agreement and consumer rights. She said that she'd been given an unsatisfactory car upon collection which was a grave and serious issue.

An investigator considered the complaint. She said that she had considered the industry standards to work out whether the damage was in excess of fair wear and tear. Our investigator said the damage charges had been applied in line with the industry standards, because the images reflected that they were in excess of fair wear and tear for a car of this age. She didn't think that SCCH needed to do anything further to resolve the complaint.

Mrs Z asked for the complaint to be decided by an ombudsman. In summary she said:

- SCCH was responsible for the actions of its agent
- BVRLA standards state that consumers are only liable for damage beyond normal use
- Defects that require zebra lighting, magnified images or other specialist equipment to detect cannot be described as consumer caused or consumer detectable
- The report was never provided, and this prevented her from inspecting the car immediately and getting an independent assessment
- The car was not of satisfactory quality at the point of delivery so didn't comply with the Consumer Rights Act 2015
- The level of charges was disproportionate and conflicts with the British Vehicle Rental and Leasing association's (BVRLA) stated purpose and FCA Principle 6

The complaint was passed to me to make a 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the evidence submitted by both parties, but I'll focus my comments

on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in the light of the available evidence and wider circumstances.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it.

Having considered all the evidence and testimony from both parties afresh, I've reached the same conclusion as our investigator and for broadly the same reasons. I'll explain why.

SCCH set out in the terms of the agreement that there is an expectation that the car will be returned in a good condition, and that damage beyond fair wear and tear will be chargeable in line with the British Vehicle Rental and Leasing association (BVRLA). When Mrs Z entered into the hire agreement, she accepted these terms and conditions.

In making my decision I've taken into account relevant industry standards from the BVRLA. Age and mileage are factors which need to be taken into account when considering what would be deemed fair wear and tear. In this case the car was supplied new and returned after three years having covered around 11,200 miles.

Mrs Z has confirmed that the charge for the service, alloy or scratch don't form part of the complaint, so I won't discuss those further here.

I think Mrs Z's key complaint is that the damage was present when the car was supplied to her. So, what's left for me to decide is whether it's likely the car was supplied in this condition. I'll also consider whether the process for inspection or SCCH's handling of the matter was unfair.

I've seen the inspection report which is dated 2 October 2024. This was signed by Mrs Z's representative at the time, even though the charges were being disputed. I'm satisfied that it would be reasonable for me to accept this is a true representation of the condition of the car when it was returned.

For the avoidance of doubt, I agree with our investigator's explanation of the BVRLA guidance and her assessment of each of the charges. In my opinion all of the images confirm the damage(s), and as a trained inspector has actually seen the car and verified the items in person, I think it's fair to rely on the report as the most persuasive piece of evidence available.

The charges in dispute were highlighted as poor repairs by the inspector. I've noted that Mrs Z said no repairs have been completed. I don't dispute what Mrs Z has said but I'm more persuaded that the inspector, having been trained to BVRLA standards is able to detect paintwork anomalies and repairs. The BVRLA guidance says, "*Obvious evidence of poor repair, such as flaking paint, preparation marks, paint contamination, rippled finish or poorly matched paint is not acceptable*". Based on the report and the photos I think it was fair for SCCH to pass these charges onto Mrs Z.

When inspecting a car for damage to the paintwork and bodywork, its standard industry practice to use tools such as a black and white striped (zebra) card that shows distortions when it is reflected in the paint/bodywork. I've noted Mrs Z's objections to this, but I don't

think it was unfair for SCCH to rely on the items which were highlighted by using these tools. I note she's also said it wouldn't have been visible to a lay person, but I think it is reasonable that damage of this type would have been identified through a close visual inspection or regular routine maintenance such as cleaning and polishing.

The agreement and the industry guidance set out the process for the assessment. The third party appointed by SCCH is one that is recognised in the industry to carry out these assessments and document the condition of the car in person, rather than just by assessing photos. Assessments can also be completed after the car has been collected. It was then for SCCH to determine the level of charges, in line with the BVRLA guidance, and to provide Mrs Z with an invoice once it had assessed the independent report.

Mrs Z said that the damage might have been there when she acquired the car. I find it unlikely that a new car was supplied in this condition. As I've explained earlier, I think a close visual inspection or routine maintenance would have highlighted the issues and allowed her the opportunity to raise this claim earlier. Given Mrs Z had the car for three years and drove around 11,200 miles, I find it more likely that the damage has been caused during her possession of the car and not when the car was supplied or collected. Given the length of time the car was in her possession it was also for her to demonstrate that the car wasn't of satisfactory quality when it was supplied, and as the car has been returned further enquiries aren't now possible.

I think Mrs Z was fairly warned about the terms relating to damage outside of fair wear and tear when she entered into the agreement. So, she had the opportunity to assess and rectify any damage before returning the car. I appreciate she's said she was denied an opportunity to get her own inspection. But the report indicates that she'd disagreed with the findings, so she could have aborted the collection or contacted SCCH as soon as possible to raise her concerns.

I've considered Mrs Z's testimony about the inspection. She said it took over an hour and she felt she was taken advantage of. The inspector provided testimony that the damage charges had been discussed and there was disagreement. I don't have the powers to compel witnesses or marshal sworn evidence. I'm sorry to hear Mrs Z said she was given incorrect information about the process and didn't get a copy of the report. But I don't think the inspector was acting as SCCH's agent to the extent that his representations could be relied on, he was simply employed as a third party.

I've thought about SCCH's handling of Mrs Z's claim. It acknowledged that she hadn't received a copy of the invoice and report, and took steps to give her a refund while the matter was being disputed. I can see that the invoice was sent, so I can't hold SCCH responsible for why it wasn't received. Mrs Z was able to dispute the charges although she's understandably unhappy with the outcome. SCCH responded to her concerns promptly and in detail, and I don't think its answer was unreasonable or that it treated her unfairly.

I also appreciate that the car was returned with lower mileage than required. However, the terms of the agreement allow a maximum mileage of 15,000, it doesn't provide for a refund where the total mileage allowance isn't achieved.

I've not seen anything which shows that these charges are excessive or disproportionate. I think the charge can vary depending on the extent of the damage and the type of repair that is needed. It also needs to take into account preparation, repainting and labour costs. I've checked a range of prices online and these charges appear to be comparable with what I've found.

While considering the damage here I have kept in mind that the car was three years old when it was returned and had covered around 11,200 miles. But I think the amount of damage that I've seen, is more than fair wear and tear for a car of this age and mileage. So, I think it's fair for SCCH to pass these charges onto Mrs Z.

I appreciate my decision will be disappointing to Mrs Z, but I don't find I have the grounds to instruct SCCH to refund any of the damage charges. However, I remind SCCH to treat Mrs Z with forbearance and due consideration if she's in financial difficulties.

Mrs Z doesn't need to accept my decision. She might decide, after taking appropriate legal advice, to pursue the matter through other avenues such as through the court.

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 Mrs Z to accept or reject my decision before 21 October 2025.

Caroline Kirby
Ombudsman