DRN-5824524

Financial Ombudsman Service

The complaint

Mr E complained about end of contract charges for a car supplied on finance by Volvo Car UK Limited.

What happened

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

Volvo supplied Mr E with a new car on a hire agreement in October 2021. The contract was for a flexible hire period with a minimum of three months and maximum of five years.

Mr E decided to end the hire agreement in July 2024 and Volvo sent its agent to inspect and collect the car. The first collection was aborted but at a later date the car was successfully inspected and collected. Volvo subsequently sent Mr E an invoice for around £3,300 for damage charges. He also received a £30 charge for the aborted collection, around £170 in additional rentals and around £870 for excess mileage.

I've listed the damage charges below:

Area	Damage	Charge
Front door R	Dent 31-100mm	£48
Front Alloy Wheel R	Gouged rim damage 100mm+ replace	£744.57
Front Alloy Wheel L	Gouged rim damage 100mm+ multiple replace	£744.57
Rear Alloy Wheel L	Gouged rim damage 100mm+ multiple replace	£744.57
Rear Alloy Wheel R	Gouged rim damage 51-100mm replace	£744.57
Rear Tyre R	Cut up to 25mm replace	£259.54

Mr E complained to Volvo, he said he was unhappy with the damage charges, the cancelled collection and that he was charged for additional rentals and excess mileage.

Volvo said it thought the charges were all appropriate and declined to remove them. Ultimately it did not uphold the complaint.

Mr E referred his complaint to the Financial Ombudsman. He said that he'd opted for hiring the car and although it was more expensive, he thought it would be less hassle. He said that Volvo had been unreasonable considering how long he had the car and that he had changed three tyres.

Mr E accepted the excess mileage charge but wanted to contest all the other charges as Volvo had failed to adequately address his concerns. He said he couldn't afford to repay. He said that demands for payment, a change in his personal circumstances and bereavement had all had an impact and emotionally drained him.

Mr E said the charges were excessive and did not reflect fair wear and tear as defined by the BVRLA. He said he offered to buy second-hand alloy replacements, but Volvo insisted on

brand new ones at a higher cost, which was unreasonable due to the length of time he had the car, and they wouldn't be in perfect condition.

Mr E said that a dent had been caused by Volvo's poor workmanship following a repair.

He said that the charge for aborting the collection, and additional rentals, was also unreasonable as the car was driveable. He hadn't driven the car after the first aborted collection.

An investigator considered the complaint. He said that he 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.

However he wasn't satisfied that the additional rentals or aborted collection charges were fair as there wasn't enough evidence to show the aborted collection was necessary.

Volvo agreed with the reduction in charges. Mr E disagreed and asked for the complaint to be decided by an ombudsman. In summary he said:

- He acquired the car in October 2021 Volvo but changed the company he was contracted to in September 2023 which ought to have a bearing on the wear and tear calculations.

- He accepted the damage was on the alloys but thought it unreasonable to pay for a brand-new replacement instead of alloys of a similar age.

- The damage on the front right door is related to a panel that was fixed following an accident and the dent was due to shoddy workmanship.

- He had already changed all the tyres on the car and can't accept that there was still excessive wear.

The complaint has been passed to me to make a final 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. I

don’t have the power to interview the parties, compel witnesses or marshal sworn testimony, I’m reliant on the evidence that is put before me.

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.

Volvo 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 Mr E entered into the hire agreement, he 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. The guidance also explains that *Fair wear and tear occurs when normal usage causes deterioration to a vehicle… (it) should not be confused with damage, which occurs as a result of a specific event or series of events, such as an impact, in appropriate stowing of items, harsh treatment, negligent acts or omissions.* In this case the car was supplied new and returned after just over two and half years having covered around 26,900 miles.

The third party appointed by Volvo 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. It was then for Volvo to determine the level of charges, in line with the BVRLA guidance, and to provide Mr E with an invoice once it had assessed the independent report.

I’ve gone on to consider the evidence of the charges and whether I think they are in excess of fair wear and tear, and therefore chargeable. I’ve also thought about whether each charge itself is excessive.

Mr E has accepted the excess mileage charges. Volvo have also accepted it will remove the charge for the aborted collection and additional rentals. So, I’m not intending on discussing those here.

Mr E has also agreed that the damage is present, so I don’t find it necessary to go into as much detail on each charge here. Our powers allow me to do this as part of our remit of being quick and informal. What’s left for me to decide and discuss are the specific charges that Mr E continues to dispute, and whether the level of charges being applied are unfair considering the circumstances.

But for the avoidance of doubt, I agree with our investigator’s explanation of the BVRLA guidance and his assessment of each of the charges. In my opinion all of the images confirm the damage(s) which seem more than minor, and as a trained inspector has actually seen the car and verified the items in person, I think the items are present and require the remedial work described to bring the car back to an acceptable standard.

Turning to the dent which Mr E said was as a result of poor workmanship. I find it unlikely that this could be as a result of an unsuccessful earlier repair. In my opinion the damage is more consistent with impact, possibly from other car doors. Had it been left over after repairs then I think Mr E had an opportunity to raise that with Volvo at the time and I can’t see that he’s done that. I find it more likely it came about during Mr E’s possession of the car.

The damage to the alloys in my opinion isn't minor. The inspector who saw the car was of the opinion that the alloys couldn't be repaired and needed replacement. I've not seen anything to counter that opinion.

I understand that Mr E has paid to replace tyres on the car. It wouldn't be unusual for wear to the tyres to be caused by normal use and the mileage that he's covered. I don't think Volvo needs to re-imburse him for the cost of his tyres if this wasn't covered by the separate service agreement that he had. But the cut in the sidewall of the tyre is more consistent with damage, which is entirely different from fair wear and tear. The guidance says *There must be no damage to sidewalls or tread*. So, I think it is fair for Volvo to charge for a replacement tyre.

I've not seen anything which shows that the costs are excessive considering the type and extent of repairs and replacements that are needed. The BVRLA guidance says that *charges can still be applied at end of lease in cases where the leasing company decides for commercial reasons not to repair damage*. I've also taken into account that the overall charges are likely calculated by a combination of several factors, including labour for the removal of the part, the average price of the original manufacturers part and refitting and possibly repainting. Mr E hasn't supplied any particular evidence that he could have got like for like replacements at a cheaper cost. I've checked a range of prices online, and these don't seem to be excessive.

It could well be that Mr E could have had the alloys replaced at a lower cost. But I think that the contract he signed made it clear about the expected condition the car would need to be returned in. I think Mr E was fairly warned about the terms relating to damage outside of fair wear and tear when he entered into the agreement. So, he had the opportunity to assess and rectify the damage or replace items before returning the car.

I've thought about Volvo's handling of Mr E's claim. It responded to his concerns promptly and in detail, and I don't think its answer was wholly unreasonable. Volvo has agreed to remove some of the charges due to the dispute about the aborted collection, which seems fair.

While considering the damage here I have kept in mind that the car was just over two and half years old when it was returned and had covered around 36,800 miles. The business changing which entity is responsible for the contract doesn't have any impact on whether the charges are applicable. After all its not in dispute that Mr E had used the car for the period that he hired it for. 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.

I appreciate my decision will be disappointing to Mr E, but I don't find I have the grounds to instruct Volvo to refund any of the damage charges. However, as Volvo has agreed to remove the charge for the aborted collection and additional rentals, it should do so if Mr E chooses to accept the final decision.

I'd encourage Mr E to reach out to Volvo if he's struggling to make payments. I remind Volvo to treat Mr E with forbearance and due consideration if he needs to discuss an affordable repayment plan due to his change in financial circumstances. But if Mr E is unhappy with future discussions about that, he can make a further complaint.

Mr E doesn't need to accept my decision if he thinks he can achieve a better outcome. He 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 uphold this complaint in part, and direct Volvo Car UK Limited to do the following to the extent that it hasn't done so already:

- Remove the £30 charge for aborted collection
- Remove the charges for additional rentals after the aborted collection
- If Mr E has already paid the above charges, then these should be refunded, and any refunds should be subject to 8% simple interest from date of payment to the date of settlement*

*If Volvo Car UK Limited considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mr E how much it's taken off. It should also give Mr E a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 15 October 2025.

Caroline Kirby
Ombudsman