

The complaint

Mrs C complains about end of contract charges when her agreement with Volkswagen Financial Services (UK) Limited ended.

What happened

On 21 April 2021 Mrs C was supplied with a car and entered into a contract hire agreement with VWFS. The agreement was for a term of 48 months.

At the end of the agreement the car was inspected and collected. The person who collected the car advised Mrs C that there would likely be charges for scrapes to the alloy wheels. He also told Mrs C he had accidentally added a missing compressor lead and that he would make a note that she was not to be charged for this item. Mrs C says that the person also advised her that as the car had only covered 37,157 miles, the value of the car when sold at auction would be higher than the value VWFS would've placed on the vehicle as they would have based the value on mileage of 60,000, and that it was likely that this would offset the charges for the alloy wheels.

Mrs C later received an invoice for damage to the alloys, as well as a missing compressor lead and tyre sealant.

Mrs C disputed the charges, VWFS agreed to remove the charges for the compressor and the tyre sealant but said the charges of £240 for the damage to the alloy wheels remained payable.

Mrs C remained unhappy and brought her complaint to this service.

Following the referral of the complaint to this service, VWFS agreed to remove the charge for the right-hand rear alloy, reducing the total charges to £180.

Our investigator said the offer was fair. He said he had considered the point that Mrs C had made about the mileage but that there was nothing in the agreement which provided for a pro rata refund for covering less mileage.

Mrs C didn't agree. She said the lower mileage meant that the car would be worth more and that the additional value would outweigh the reduction in value due to the damaged alloys. Mrs C says she was told that she could have reduced the mileage allowance under the contract 6 months before the end of the contract which would've led to a reduction in her payments. Mrs C says that this was never made clear to her at the time.

Because Mrs C didn't agree I've been asked to review the complaint.

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.

I know it will disappoint Mrs C but I agree with the investigator's opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments to those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the inspection report including the photos. In deciding whether the damage identified in the inspection report is chargeable, I've had regard to the BVLRA guidelines, which are accepted as the industry standard for determining whether damage exceeds fair wear and tear.

Having done so, I'm satisfied that the damage to the alloy wheels has been charged fairly, because the scuffs / scratches exceed 50mm and are therefore outside of the BVLRA fair wear and tear guidelines. This is with the exception of the damage to the right-hand rear alloy. VWFS has offered to remove the charge for the latter.

I appreciate that Mrs C has covered less mileage than the total mileage allowance under the agreement. However, there's nothing in the agreement which says that Mrs C should receive a pro rata refund or be entitled to exercise any right of set off against other charges in circumstances where less mileage than the total allowable mileage has been covered. Therefore, I'm unable to require VWFS to reduce the damage charges on this basis.

Mrs C has said that VWFS hasn't addressed her complaint point about not being told that she could reduce the mileage allowance under the contract. She says this would've resulted in a reduction in her monthly payments. Mrs C has also alluded to VWFS being aware of ongoing issues with the vehicle and has said that it was in the garage for 6 months unable to be used.

I'm not aware of whether Mrs C has raised a separate complaint with VWFS regarding the quality of the car, and this isn't something I can comment on for the purposes of this decision.

In relation to Mrs C's right to reduce the mileage, I can't see that Mrs C raised this as a complaint point with VWFS or this service, although I can see she discussed it with VWFS in an email sent in response to VWFS's response to her complaint. If Mrs C wishes to pursue this complaint point, she will need to raise it with VWFS and allow them to investigate.

Putting things right.

To put things right Volkswagen Financial Services (UK) Limited must refund the charge for the right-hand rear alloy.

My final decision

My final decision is that I partially uphold the complaint. Volkswagen Financial Services (UK) Limited must refund the charge for the right-hand rear alloy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 18 November 2025.

Emma Davy
Ombudsman