

The complaint

Mr M complains about charges Specialist Motor Finance Limited (who I'll call SMF) asked him to pay when he returned a car he had been financing through an agreement with them.

What happened

Mr M took receipt of a used car in March 2023. He financed the deal through a hire purchase agreement with SMF and voluntarily terminated the agreement in May 2025. The car was inspected when collected and SMF subsequently asked him to pay a bill due to damage to the car. When Mr M complained about those charges SMF agreed to reduce them from £2,644 to £609 to cover the refurbishment of three areas of damage.

Mr M was still dissatisfied, and he referred his complaint to this service. Our investigator thought the damage SMF were charging for was all outside of what could be considered fair wear and tear and that the charges were reasonable.

Mr M disagreed and asked for a final decision by an ombudsman.

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 agree with our investigator's opinion and for broadly the same reasons.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any 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.

Mr M acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The finance agreement said that Mr M should keep the vehicle in good repair and condition and regularly serviced to the relevant manufacturer's recommendations. He would be responsible for any loss or damage apart from fair wear and tear.

The industry guidelines for what is considered fair wear and tear when vehicles are returned at the end of their lease, is provided by the British Vehicle Rental and Leasing Association (BVRLA).

That guidance explains that charges can still be applied at the end of leases where the leasing company decides for commercial reasons not to repair damage or to replace missing equipment before the vehicle is sold.

I've reviewed the damage identified in the inspector's photographs and considered that against the BVRLA guidance. I'm persuaded, as our investigator was, that all of the damage that remains has been fairly charged.

The BVRLA guidance says:

"Surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided they can be polished out. A maximum of four scratches on one panel is acceptable." And "Scuffs and scratches of 25mm or less are acceptable provided the moulding or trim is not broken, cracked or deformed."

The spoiler has a large crack in it that exceeds the BVRLA guidance. I think a charge was reasonable.

The rear door has a large scratch that's about 200mm long. It's well outside of the fair wear and tear guidance and a charge was reasonable.

The front door has significant scuffing to it and that's also outside of the guidance and a charge is reasonable.

Bearing in mind that the car was about seven years old when it was supplied to Mr M I still think the damage was so excessive that the charges applied have been reasonable.

Mr M says there's no evidence that's been provided of the condition of the car when it was supplied. I think it's unlikely Mr M would have accepted a car with the damage that's now being charged for, and I'm persuaded it's more likely that damage has occurred since he has been in possession of the vehicle.

Mr M has also suggested that despite the damage still being on the car when it was sold at auction, SMF don't appear to have incurred a loss in expected value. While I understand those concerns, the contract allowed SMF to make charges when the car wasn't returned in the correct condition and as I'm not persuaded it was, I can't say the charges were unfair. It was a commercial decision for SMF to make as to whether they would continue to pursue charges in those circumstances.

I'm not asking SMF to take any further action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 January 2026.

Phillip McMahon
Ombudsman