

The complaint

Mr M complained that the charges imposed at the end of his car finance agreement with BMW Financial Services (GB) Limited trading as MINI Financial Services (“BMWFS”) were unfair.

What happened

Mr M acquired a new Mini using a hire purchase agreement with BMWFS. The agreement started in December 2021 and ran for 48 months. The car cost £28,199, of which Mr M borrowed £25,828.61. The monthly payment was £366.29, with a final payment of £11,497.75 due at the end of the agreement if Mr M wanted to keep the car.

Mr M returned the car in March 2025, after voluntarily terminating the agreement. BMWFS then issued an invoice for £240, this being charges for damage to the car. BMWFS said this was for scratched rims on the left front wheel and both rear wheels, chargeable at £80 per wheel. It further said this was in line with the standard set out in the British Vehicle Rental and Leasing Association (BVRLA) Fair Wear and Tear Guide.

Mr M was unhappy with this, and complained to BMWFS, saying that he thought the damage was within the allowances set out in the BVRLA Guide. BMWFS issued its final response letter to Mr M, saying that as the images of the damage to the rear wheels were not completely clear, it would reduce the charge by half for those two wheels (to £40 per wheel), so the overall cost would be £160.

Mr M then brought his complaint to this service. He was also unhappy that BMWFS continued its collection activity in relation to the £160 charge while the complaint was in train.

Our investigator looked Mr M’s complaint but didn’t think it should be upheld. Mr M disagreed and asked that the complaint be referred to an ombudsman for review.

I issued a provisional decision, in which I explained why I proposed to partly uphold Mr M’s complaint. BMWFS said that it accepted my provisional decision. Mr M didn’t respond.

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’ve decided to uphold Mr M’s complaint in part. I’ll explain why.

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 taken into account the guidance issued by the BVRLA about charges made when a vehicle is returned at the end of the contract. A vehicle will naturally incur a degree of wear and tear over the course of a few years, and the guidance sets out what can be considered

fair wear and tear when returning a vehicle, and what damage can reasonably be charged for.

BMWFS is a member of the BVRLA and its letter to Mr M about the voluntary termination arrangements states that the condition of the vehicle on return is assessed using BVRLA guidance. I think it's reasonable for BMWFS to use this industry-standard guidance as its benchmark.

I set out my reasoning in my provisional decision as follows:

“BMWFS sent in copies of the finance agreement, and photographs of the damaged areas of the car as part of the inspection report, and its invoice for the charges. Mr M sent his account of events. I've carefully considered all of the information and evidence provided by both parties.

Looking at the photograph of the front wheel, I can see that there is a scratch on the rim. The BVRLA guidelines state that scuffs of up to 50mm on the total circumference of the wheel rim are acceptable. In other end-of-contract reports that I've seen, the images include a ruler held up to areas of damage to indicate the size of an area of damage. In this case, there's no ruler to indicate the length of the scratch, but as it runs across two spokes, it seems to me to be clear that it exceeds 50mm. So I think it's fair for BMWFS to charge for this area of damage at its rate of £80.

Turning to the images of the rear wheels, I can see what appear to be some scuffs, but there is dust on the wheels and so the extent of the damage isn't clear. Indeed, BMWFS said that the images were not clear, and this is why it reduced the charges for the rear wheels. Again, there is no ruler to indicate the extent of the damage. Having looked carefully at these images, I'm not satisfied it's clear that the scuffs exceed 50mm, and therefore I don't think it's fair for BMWFS to charge for damage to these wheels.

Overall, I think it's fair for BMWFS to charge only for the front wheel, and therefore my current conclusion is that BMWFS should reduce its total charge to £80.

Mr M is also unhappy that BMWFS continued its collection activity after the complaint was brought to this service; he cited rules in the Financial Conduct Authority's Handbook of Rules and Guidance that businesses must adhere to. The particular rules that Mr M specified don't cover this situation. But in the Consumer Credit Sourcebook (CONC), Rule 7.15.10R says:

“A lender must not initiate legal proceedings in relation to a regulated credit agreement where the lender is aware that the customer has submitted a valid complaint or what appears to the firm may be a valid complaint relating to the agreement in question that is being considered by the Financial Ombudsman Service.”

I've no evidence to suggest that BMWFS has gone this far in its collection activity. But its letters to Mr M suggest that the invoice may be passed to a third party for collection and there may be fees and charges for this. However, in light of my conclusions, if any further collection fees or charges have been added to the amount due from Mr M I think it would be fair for these to be waived. And if BMWFS has added any adverse information to Mr M's credit record I think it fair that this is removed.”

As I noted above, Mr M didn't respond to my provisional decision. BMWFS accepted it, and noted that Mr M had not so far paid the invoice, so no refunds would be due. As neither party has provided any new evidence or information, I have no reason to change my conclusions. Therefore I have decided to uphold Mr M's complaint in part.

Putting things right

BMWFS should put things right as follows:

- Reduce the amount due from Mr M in relation to damage to the car to £80;
- If any collection fees or charges have so far been added, these should be waived;
- BMWFS should also remove any adverse information (if any has been added) recorded on Mr M's credit file in relation to the charges for damage.

My final decision

For the reasons given above, I have decided to uphold Mr M's complaint in part, and to require BMW Financial Services (GB) Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 April 2026.

Jan Ferrari
Ombudsman