

The complaint

Mr O complained that the charges imposed at the end of his car finance agreement with Santander Consumer (UK) Plc (“Santander”) were unfair. He was also unhappy that there was adverse information on his credit record.

What happened

Mr O acquired a used Land Rover using a conditional sale agreement with Santander. The car was just under three years old at the point of supply, and the mileage was 18,644.. The agreement started in June 2021 and ran for 48 months. The car cost £29,198, of which Mr B borrowed £26,764.42. The monthly payment was £424.89, with a final payment of £11,705.91 due at the end of the agreement if Mr B wanted to keep the car.

Mr O’s agreement included the terms on which he could end the agreement –Santander would be entitled to the return of the car and to half the total amount payable under the agreement, this amount being £17,267.11. If he had already paid at least this amount (plus any overdue monthly payments if there were any) and taken reasonable care of the car he wouldn’t have to pay any more. The contract also noted that, on return, the car would use British Vehicle Rental and Leasing Association (“BVRLA”) guidance to assess fair wear and tear.

Mr O contacted Santander on 30 January 2025 and 3 February 2025 to ask about voluntary termination of his agreement. On both occasions he was told that he had no further liability under the agreement, but there would be a £70 collection fee, and he’d have to pay any refurbishment costs. Mr O told Santander he wanted to end the contract, but he wanted to drop the car off rather than pay the collection fee. He had to complete a form to confirm all this, which he did the same day.

Mr O returned the car at the beginning of March 2025, and it was inspected by a third party acting on Santander’s behalf on the same day.

The vehicle condition report listed chargeable damage to the following areas:

- Panoramic roof – cracked £558.77
- Front bumper – scuffed £130
- Bonnet – scratched through paint £41
- Both front alloy wheels - scuffed and spoke damage £45 each
- Right hand rear door – poor repair £70
- Right- and left-hand rear alloy wheels – scuffed and rim damage - £45 each
- Left C post – scratched through paint £35

The total refurbishment cost listed on the report was £1,014.77. Santander wrote to Mr O in May 2025, saying that the total refurbishment cost was £868.77, but due to the age and mileage of the car it had applied a 25% discount so the amount due was £651.58. It appears

that Santander didn't think Mr O was liable for all of the costs listed on the vehicle condition report, and it later confirmed that the charges related to the panoramic roof, the front bumper and the alloy wheels.

In the meantime, Santander had written to Mr O in March and April 2025 to say that he was in arrears, but when he queried these letters he was told to ignore them as he had ended his contract. Mr O then found out that missed payments had been recorded on his credit record. Mr O complained to Santander about the errors on his credit record, and Santander upheld the complaint and paid him £100 in recognition of the distress and inconvenience this had caused him.

Mr O also said that, around the same time, his credit file was showing an outstanding balance of £872.25 on the agreement. He thought this related to the charges for the damage, and that it was unfair for Santander to have reported this amount to the credit reference agencies before telling him about it. He contacted Santander but it didn't respond.

Mr O then received the letter about the charges, asking him to pay £651.58 as I noted above. Mr O didn't agree that the damage was outside of fair wear and tear or that he was likely to have caused the damage. In particular he was unhappy about the charge for the roof.

Mr O complained to Santander about the charges. Santander issued its final response letter to Mr O, in June 2025, saying that it did not uphold his complaint. It said the charges had been applied in line with BVRLA guidance, and that Mr O was responsible for the repair costs.

Mr O then brought his complaint to this service. Our investigator looked into it and initially thought that Santander hadn't provided clear enough evidence to support the imposition of the repair charges. However, Santander sent in more evidence and our investigator changed her view in light of that – so she didn't think Mr O's complaint should be upheld. Mr O disagreed and asked that the complaint be referred to an ombudsman for review.

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 not to uphold Mr O's complaint. 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 hire period. 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.

I've also considered s100(4) of the Consumer Credit Act 1974 which, in summary, says that if the debtor has failed to take "reasonable care" of the goods, the creditor is able to increase the amount owed to compensate for this breach. I'm satisfied that damage caused to the car which would exceed fair wear and tear would constitute a failure to take reasonable care of the car, such that Santander could recover the refurbishment costs.

Santander is a member of the BVRLA and I think it is reasonable for Santander to use this industry-standard guidance as its benchmark as to what is fair wear and tear.

Santander sent in copies of the finance agreement, the inspection report, a list of transactions on the account and its notes of its contact with Mr O. Mr O also sent in copies of correspondence and information from his credit file.

I should say here that as Mr O's complaint about the entries on his credit record was resolved, I do not need consider it in this decision. Mr O referred to a balance of £872,25, which he thought related to charges, but the list of transactions suggests that this amount was the balance on the account after Santander had received the sale proceeds of the car. Mr O's credit record now shows the account as closed. I consider the compensation Santander paid to be fair and reasonable. So I will only consider the charges for damage in the rest of this decision.

After our investigator had issued her initial view, saying she didn't think the evidence was sufficient to support the imposition of charges, Santander sent in larger and clearer images, after which our investigator changed her view. I'm satisfied the later images are enlargements of the images on the vehicle condition report from March 2025. The existence of the areas of damage is not disputed.

As I noted above, Santander imposed charges for the following areas.

- Panoramic roof – cracked £558.77
- Front bumper – scuffed £130
- Both front alloy wheels - scuffed and spoke damage £45 each
- Right hand rear alloy wheel – scuffed and rim damage - £45
- Left hand rear alloy wheel – scuffed and spoke damage £45

The total refurbishment cost was £868.77, and Santander applied a discount of 25% to account for the age and mileage of the car, reducing the charge to £651.58.

The BVRLA guide says that age and mileage are factors which need to be considered when determining would be deemed fair wear and tear. On return Mr O's car was six and a half years old, with a mileage of 32,775. This is a relatively low mileage for a car of this age.

I've looked at the BVRLA guidelines, bearing in mind the age and mileage of the car. Having done so, I consider the charges Santander have imposed are fair. I say this for the following reasons.

For a panoramic roof the BVRLA guidance states *"The roof must be fully functioning, with no chips, cracks or holes. Surface scratches of 40mm or less are acceptable provided they can be polished out"*.

Looking at the image Santander provided, I can see the crack which goes from just above the front head rest to the back of the car, so I think the damage is clear.

Mr O said he only became aware of the cracked roof after he saw the inspection report, and he has suggested that the crack could've been present at the point of supply or could have occurred spontaneously because of fatigue or environmental stress. However, I've seen no evidence to suggest that either of these was the case.

I think it's unlikely the damage would have been present at the point of supply and not noticed or disclosed to him. I'm also conscious that the car has passed MOT tests and been serviced twice, and although the roof may not have formed part of the inspection process, I think it's likely there were opportunities for the damage to have been spotted.

I would also have expected Mr O to check the car before ending the contract, to deal with any necessary repairs and to mitigate the need for Santander to impose repair charges - especially as he was informed by Santander that he would be liable for refurbishment costs. But I have no evidence that Mr O did this.

Turning to the damage to the bumper, the BVRLA guidance states that *"There must be no rust, corrosion or discolouration on any painted area, including bumpers, body mouldings and mirrors"* and *"Scratches – surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided they can be polished out."*

Looking at the image of the front bumper, I'm satisfied the area of damage to the paintwork is greater than 25mm and the bare metal is showing. So I consider the charge in this respect to be fair.

With regard to the wheels and wheel trims the BVRLA guidance states that *"Dents on wheel rims and wheel trims are not acceptable"* and *"Scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels/wheel hubs are acceptable. Any damage to the wheel spokes, wheel fascia, or hub of the wheel/alloy is not acceptable. There must be no rust or corrosion on the alloy wheels/wheel hubs"*.

I've looked at the images of all four wheels, and I'm satisfied the damage to the wheels exceeds the limits set out in the BVRLA guidance. So I also consider these charges to be fair.

Mr O is also unhappy that Santander passed the charges-related debt to a debt collection firm. This seems a little premature as the charges were in dispute, although I accept Santander was not required to cease the collections process. I would expect Santander to discuss with Mr O an affordable repayment plan if he is unable to pay the entire sum immediately. However, as I consider the repair charges that Santander imposed to be fair, and it has already discounted these by 25%, I don't consider it appropriate to require Santander to make any further reduction or compensation payment to Mr O.

After our investigator issued her view, Mr O said that he was particularly unhappy about the charge for the roof. In summary, he said that he didn't cause the damage and was not aware of any crack prior to returning the vehicle. He said that there is no evidence of impact damage, no identified point of origin, and no assessment provided to explain how the crack occurred. A crack of this nature could arise from factors such as stress, material fatigue or environmental conditions. These would not amount to a failure to take reasonable care. He also said that Santander has not provided any evidence of the vehicle condition at the point of sale. There is no pre-delivery inspection report or handover condition report. Without this, it is not possible to establish whether any defect or weakness existed at the outset. In the absence of such evidence, he didn't think it reasonable to conclude that the damage must have occurred during his use, or that it resulted from a lack of reasonable care.

I've thought carefully about all the points that Mr O has raised, but having done so, my conclusions remain unchanged.

Mr O had had the vehicle for nearly four years when he ended the contract. I accept I have no evidence about the condition of the car at the point of supply, but I think it's reasonable to

take it that Mr O would've examined the car carefully before he bought it, and raised concerns or asked for a repair at the time.

I have to base my decision on what I consider most likely to have happened taking account of the evidence before me.

The BVRLA guidance provides an objective standard for the assessment of damage. The existence of the crack is not disputed, but as I have no evidence to suggest the crack was there at the point of supply, it seems to me more likely that not that it occurred during the four years or so that Mr O had the car. Under the terms of the finance agreement, he was responsible for any loss or damage or deterioration of the car other than through fair wear and tear, and as I'm satisfied the crack in the roof is more than fair wear and tear. I am also satisfied that he is responsible for its repair.

Overall, based on the evidence and information provided, I don't think Santander has acted unfairly here. I say this because it assessed the car in line with the BVRLA guidance, did not impose charges for all items of repair, and discounted the final end of contract charge. Therefore, although I do understand that Mr O feels very strongly about this, I don't consider that I can fairly require Santander to do more than it already has, and so I have decided not to uphold his complaint.

My final decision

For the reasons given above, I have decided not to uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 28 April 2026.

Jan Ferrari
Ombudsman