

The complaint

Mr M complains about charges he was asked to pay after he returned a car he had been financing through an agreement with FCE Bank Plc trading as Ford Credit (who I'll call 'FCE').

Mr M has been represented by his daughter in this complaint but for ease, and because Mr M is named on the agreement, I'll only refer to Mr M here.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr M entered into a regulated hire purchase agreement with FCE for a car. At the end of the agreement the car was returned, and an inspection was carried out by an independent agent. Following that inspection FCE applied a number of end of contract charges including for damage, missing items and a missing service history.

Mr M disputed those charges. He said the car was in a condition consistent with fair wear and tear. He also said the process had been mismanaged, that he had not been provided with sufficient evidence, and that the service charge was unfair as the requirement had not been made clear.

FCE said the charges were applied in line with the finance agreement and relevant industry guidance, they explained that the inspection had been carried out independently.

Our investigator considered the complaint and concluded that the majority of the charges were fair and that FCE had acted reasonably. He didn't think the charge made for a damaged front left alloy wheel had been properly justified and FCE agreed to waive that charge.

Mr M did not agree with the investigator's view and asked for an ombudsman 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 agree with the investigator's view of this complaint 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.

In relation to the damage charges, I am satisfied that for the main part, the inspection evidence supports FCE's position that the condition of the vehicle went beyond what the industry guidance (provided by the British Vehicle Rental and Leasing Association) would consider fair wear and tear. The centre post dent shows paint damage, the parcel shelf is missing, the boot isn't clean, there is damage to the spokes on the rear left wheel and damage in excess of 50mm on the front right wheel. However, I don't think the inspection photographs justify the charge for the left front wheel as the damage is less than the 50mm allowed under the guidance. I appreciate Mr M disagrees with those findings, but I have seen no persuasive evidence that the inspection was unreliable or that the damage identified was within acceptable standards. In those circumstances, I find it reasonable for FCE to rely on the independent inspection and apply charges except for the charge for the front left front wheel which they should waive.

While Mr M subsequently returned the parcel shelf, that wasn't for several weeks. The relevant point is the condition of the vehicle at the point of hand back and the parcel shelf wasn't present at that point. Vehicles are generally moved on very quickly after they are returned and I think it's therefore likely that FCE would already have incurred a loss in resale value or in replacement cost, before the shelf was returned to them. I am satisfied FCE acted reasonably in applying the charge.

In respect of the service history charge, the finance agreement places responsibility on the customer to maintain the vehicle in line with the manufacturers servicing requirements. In the absence of evidence that the vehicle was serviced as required or that the charge has been calculated incorrectly or is disproportionate, I find it reasonable for FCE to apply this charge.

I have considered the concerns raised about the handling of the return process and communication. While I recognise Mr M found the process frustrating, the evidence suggests he had made arrangements to return the car to the dealer and that FCE were not involved, so I don't think it would be fair to suggest FCE were liable for any errors that may have been made by the dealership during that process. I have not seen sufficient evidence that any issues in communication or process would make the application of the charges themselves unfair.

Mr M is upset that FCE have continued collection activity while his complaint has been in process. While many businesses will choose to pause recovery action in those circumstances, I cannot require FCE to do so. This issue does not, in any event, affect whether the underlying charges are fair.

Where a complaint point has not been put to the business it would be unfair for me to make findings on it without the business having had the chance to address it in the first place. This service is intended to be a secondary dispute resolution body. If Mr M wishes to pursue any additional concerns he will, therefore, need to raise them directly with FCE in the first instance.

Overall, having carefully considered everything while I agree that the charge for the front left wheel damage should be waived, I don't think FCE need to do anything more than that.

My final decision

For the reasons I've given above I uphold this complaint in part and tell FCE Bank Plc to waive the charge for damage to the front left wheel.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 May 2026.

Phillip McMahon
Ombudsman