

The complaint

Mr E is unhappy with what happened when he returned a car at the end of a hire agreement taken with Mitsubishi HC Capital UK PLC (previously known as Hitachi Capital UK PLC), trading as Novuna Vehicle Solutions (“Novuna”).

What happened

In March 2018 Mr E entered into his hire agreement with Novuna. It was set up to run for 48 months and had a mileage allowance of 40,000 miles.

In April 2023 the car was collected, and it was inspected on behalf of Novuna by a third party business. Its report identified areas of damage on the car, and Novuna sent Mr E a bill. Mr E complained to Novuna about this. It sent its final response to him in June 2023 and said it agreed a number of the charges had been raised incorrectly. It also said – in relation to one item of damage – that it thought that the photograph taken by the inspector wasn’t clear enough. Because of that, it agreed to remove that charge also. So his final bill was reduced. Novuna said the following were still payable:

| Item | £ |
|---|-----|
| Front door right – dent through swage line | 60 |
| Rear door right – multiple dents through swage line | 175 |
| Front bumper – scuffed | 75 |
| Front alloy wheel left – corrosion | 65 |
| Total | 375 |

Mr E was unhappy with this, so he complained to our service. He told us the charges for the damage were unfair; he said they should be waived because he used less mileage than the allowance set out under the agreement. He also said that the representative who carried out the inspection told him that the car would be worth more with the lower mileage than if he had used the full allowance. And he told us that the representative said he should contest every item of damage.

Our investigator issued their opinion. They said, in summary, they didn’t think the complaint should be upheld. Having looked at the damage, the agreement and relevant guidance, they thought it was reasonable for Novuna to levy the charges. On the issue of the mileage they said that the agreement didn’t provide an incentive for the car being returned with lower than allowed mileage. They said even if the third party inspector had said so, it wouldn’t be fair to hold that against Novuna. And they said that Novuna wasn’t responsible for the car being returned with lower mileage.

Mr E remained unhappy, so the complaint has been passed to me to decide.

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.

Mr E's complaint is about a hire agreement. Entering into this type of consumer credit contract is a regulated activity, so I'm satisfied I can look into this complaint. Having done so, I don't think this complaint should be upheld.

First of all, I've considered whether Novuna could charge Mr E for the damage under the hire agreement. Under the heading "Your obligations concerning the vehicle" it stated:

"3.1 You agree:

(b) to keep the Vehicle in good condition and repair. You will be responsible to us for any damage caused to or deterioration of the Vehicle otherwise than through fair wear and tear as indicated in the guidelines issued from time to time by the British Vehicle Rental and Leasing Association (BVRLA);

Having considered this I think Mr E agreed in the terms and conditions to keep the car in reasonable condition. He also agreed to be charged for damage to the car that was outside of fair wear and tear. And, in addition, "fair wear and tear" was indicated by reference to guidelines set out by the BVRLA.

Next, I've gone on to consider each item of damage.

Dents

Firstly I've looked at the dents, and I've been sent the photographs taken during Mr E's inspection. The dents are in two separate locations: on both right-side doors. They're visible in the photographs and show as distortions in the reflection of a zebra board which has been held up next to them.

Looking at what the BVRLA guidance says about this kind of damage, it states:

"Dents on the roof or on the swage line of any panel are not acceptable."

Because these dents are on the swage lines of the doors, they fall outside of the definition of fair wear and tear. So I think it is reasonable for Novuna to charge Mr E for this damage.

Front alloy wheel left

In relation to the damage charge raised for the alloy wheel, the photograph of this shows an area of damage with rust. Looking at the BVRLA guidance, it states:

"There must be no rust or corrosion on the alloy wheels/wheel hubs."

Having considered this, I think it's fair and reasonable for Novuna to charge for this item of damage in addition to the dents.

Front bumper

Thirdly I've looked at the charges for the front bumper. The relevant BVRLA guidance for paintwork, vehicle body, bumpers and trim states:

"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 surface scratches on one panel is acceptable."

Looking at the scratches on the front bumper of Mr E's car, they show up clearly as white, against the black paint of the car. This looks like primer is showing through. In addition, there are more than four scratches on the bumper. This places them outside the definition of fair wear and tear.

Lower mileage

Lastly, I've also looked at what Mr E told us about the lower mileage. The report from the inspection recorded the odometer reading as 27,988. The agreement sets out a *maximum* mileage the car could cover. After the car exceeded that amount, Novuna would charge Mr E extra. I need to consider if Novuna acted fairly and reasonably, given the terms Mr E agreed to.

There isn't a term in the agreement that says Mr E would get anything back if the car was returned with a mileage that was lower than the maximum mileage allowed before additional charges were added. And it doesn't say Mr E wouldn't be responsible for damage if the mileage was lower than that maximum amount. Also Mr E hasn't complained about this, but for completeness; I haven't seen anything to suggest Mr E was misled, or that the terms of the agreement were misdescribed to him when he entered into it.

Finally, I've also noted that Mr E has told us about what he heard the third party inspector say. But even if the inspector said this, I'm satisfied this was likely to be his personal opinion. Most importantly, the standards for charges and mileage are set out in the agreement and relevant guidance, as I've explained above. In these circumstances what the inspector said doesn't alter that. So, balancing all the available information, overall I don't think Novuna have acted unfairly by charging Mr E.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 6 June 2024.

Katrina Hyde
Ombudsman