

The complaint

Mr J is unhappy with charges applied at the end of a hire agreement provided by Alphabet (GB) Ltd.

What happened

In January 2020 Mr J took out a hire agreement, provided by Alphabet, to acquire a car. The agreement was taken over 36 months.

In February 2023 the car was collected and inspected. Mr J was then sent an invoice for £160. This consisted of two charges of £80 each for scuffs to the left hand rear and right hand front alloy wheels.

Mr J was unhappy with this and complained to Alphabet. It issued its final response in May 2023. This said, in summary, that the damage to the alloys fell outside of the guidelines provided by the British Vehicle Rental and Leasing Association ('BVRLA') for fair wear and tear. So, it said the charges were correct. But, Alphabet said as a gesture of goodwill it would reduce one charge by 50%. So it said Mr J owed £120.

Mr J remained unhappy with this and referred the complaint to our service. He said the damage was minor - and so it was reasonable wear and tear considering how long he had the car for. And he also said Alphabet would've been aware of the type of streets the car would likely have been used on.

Our investigator issued an opinion. In summary, he said the damage to the left hand rear alloy fell outside of fair wear and tear. But, he said it was unclear if the damage to the right hand front wheel fell outside of the guidelines. So, he said Alphabet shouldn't charge Mr J for this.

Mr J didn't respond. Alphabet said it would remove the charge for the damage to the right hand wheel as a gesture of goodwill. But, it said it wouldn't accept that the complaint was upheld in Mr J's favour.

As an agreement wasn't reached, 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.

Having done so, I think this complaint should be upheld. I'll explain why.

Mr J complains about charges in relation to a hire agreement. Entering into regulated consumer credit contracts such as this is a regulated activity. So, I'm satisfied I can consider Mr J's complaint against Alphabet.

What I need to decide in this case is whether it was fair and reasonable for Alphabet to charge Mr J for the damage it did. When considering this, I'll think about the guidance to fair wear and tear set out by the BVRLA.

I've firstly considered the terms and conditions Mr J signed to see if he agreed to be responsible for any damage at the end of the term. These say:

"if the Vehicle is not in good repair and condition when we recover it, allowing for fair wear and tear (which we will assess in accordance with recognised industry standards), you must pay us our reasonable estimate of the resulting reduction in the Vehicle's value"

So, I'm satisfied Mr J agreed to keep the car in good condition and agreed to be charged for any damage outside of fair wear and tear.

I've then gone on to consider what the BVRLA says about alloy wheels:

"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"

I've firstly considered the photos of the left hand rear alloy. I can see scuff marks around the rim of the wheel. It isn't completely clear if these total over 50mm or not. I say this as in one photo there isn't anything to show any measurements and in the other the image is too poor to make the measurements out. But, either way, I am satisfied there is damage to the spokes of this wheel.

It follows I'm satisfied this damage falls outside of fair wear and tear and so Alphabet can charge for it.

I want to reassure Mr J that I've carefully considered everything he's said in relation to damage to the car, including his comments about the environment the car was driven in and what he said the collection agent told him about the car's condition. But, this doesn't change my opinion about this alloy.

I've then gone on to consider the photos of the right hand front wheel. Here, I can see some scuff marks around the rim of the wheel. But again it isn't clear if these total over 50mm or not. There is nothing in the photos I can use to measure the length of the damage. There are also a lot of reflections in the wheel and the photos are of a lower quality than I might expect to see, so I'm also not confident I can identify any damage to the spokes of the wheel.

I've very carefully thought about what Alphabet said here. I accept it is possible that this damage does fall outside of the fair wear and tear guidelines. But this isn't the same as saying the damage *likely*, or does, fall outside the guidance.

Ultimately, I'd expect Alphabet, when charging Mr J, to be able to clearly demonstrate the damage falls outside of fair wear and tear. Because of the quality of the photos and the fact any measurements can't be seen, I don't think it has done so here.

In summary, I'm not persuaded the damage to the right hand front wheel falls outside of the BVRLA guidelines. So, it follows Alphabet should remove this charge.

My final decision

My final decision is that I uphold this complaint.

I instruct Alphabet (GB) Ltd to put things right by removing the charge for the right hand front alloy wheel from any balance Mr J owes.

If any adverse information has been reported to Mr J's credit file in relation to the outstanding damage charges, this should also be removed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 14 May 2024.

John Bower
Ombudsman