DRN-4649795

The complaint

Miss O complains about the charges RCI Financial Services Limited t/a Nissan Financial Services ("RCI") applied when she returned a car after her hire agreement ended.

What happened

Miss O entered into a 36 month hire agreement in October 2020. Although the agreement was due to run until October 2023. Miss O contacted RCI and arranged to exit the agreement early, and the car was returned in June 2023. Miss O says she's unhappy with the end of contract charges that were applied when she returned the car. Miss O told us:

- when she returned the car, there was no damage at all. She wants all the charges levied by RCI removed, and says it should pay her compensation for harassing her;
- there were no dents on the car, and she's intrigued that RCI removed some of the charges after she first complained to it;
- she can see why she would be responsible for the service charge as it's detailed in the terms and conditions, but she says RCI should've sent her a reminder;
- she knows she's responsible for wear and tear, but that this is only to be expected in a car after three years.

RCI rejected this complaint. It said the car was collected by an independent third party for a detailed inspection. It said this inspection identified some damages requiring repairs totalling £903. RCI said after Miss O complained to it, it had reviewed the charges and agreed to remove some of them – leaving an outstanding amount owing of £589.50.

RCI said charges were applied in line with damage limits outlined by the BVRLA – the industry trade body which provides details of what can be deemed to be fair wear and tear. And it said it was satisfied that the damage it had identified was clearly evidenced.

Miss O disagreed and brought her complaint to this Service.

Our investigator looked at this complaint and said she didn't think it should be upheld. She explained that the general standard for what constitutes fair wear and tear is set out in the British Vehicle Renting Leasing Association (BVRLA) guidelines and her role was to decide whether the charges applied by RCI were fair and reasonable.

She said he'd looked at the evidence submitted by RCI to support its position and assessed this against industry guidelines, and she thought the damage was visible and outside the fair wear and tear guidance and, as a result, was chargeable.

Miss O disagrees, so the complaint comes to me to decide.

Miss O says she's provided her own close-up photographs of the car, and there's no visible dents, and the RCI representatives she's spoken with aren't qualified engineers, so they shouldn't be able to assess damage to a vehicle. And she says RCI has provided no

evidence of the £600 loss it says it's experienced on the sale of the car.

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've reached the same conclusion as our investigator and for broadly the same reasons.

The terms and conditions of the agreement, signed by Miss O, sets out in some detail the acceptable return condition of the car. It clearly sets out the charges for missing MOT certificates, missed Services, and the cost for failing to have the Service record stamped.

The agreement states that Miss O would be responsible for *"any loss or damage to the goods (excluding any reasonable fair wear and tear), whether or not such loss or damage is your fault…"* And it goes on to confirm that assessments will be made against the industry guidelines from BVRLA. The documentation confirms that at the end of the hire agreement, the car will be collected and inspected.

So, having read this carefully, I'm satisfied that Miss O was responsible for returning the car in good condition, but the question remains as to whether all the charges applied by RCI are fair and reasonable.

RCI's third party inspection identifies a number of areas of damage that it deems to be unacceptable - outside fair wear and tear. I've noted that RCI agreed to remove some of the charges when Miss O first contacted it, so the remaining charges are the only ones I need to consider. These are:

1.	Front bumper – scuffed full bumper – multiple refinish	£123.00
2.	Front door moulding L – scuffed – smart repair	£52.00
3.	Rear door moulding L – scuffed – smart repair	£52.00
4.	Rear bumper – scuffed	£67.50
5.	Service history – incomplete	£210.00
6.	Front alloy wheel R – spoke damage – smart repair	£85.00

Fair wear and tear guidelines have been issued by the British Vehicle Rental and Leasing Association (BVLRA) and these are accepted as an industry standard in determining whether any damage goes beyond fair wear and tear. So, I've taken these into account when deciding what is fair and reasonable for RCI to charge Miss O.

The BVRLA guidance sets out the standard regarding fair wear and tear. I've looked carefully at what it says in regard to the areas identified by RCI. It says:

- Bumpers and mouldings – "*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".*

- Service history – "*The vehicle must have been serviced and looked after...". "The Service book…must be present and date stamped by the repairer or workshop as evidence that the services have taken place."*

- Wheels – *"Any damage to the wheel spokes, wheel fascia or hub of the wheel/alloy is not acceptable".*

So, I'm satisfied that the areas identified by RCI as damaged are beyond what is recognised as fair wear and tear according to the published industry standards.

Next, I've looked very carefully at the evidence that RCI provided, and I'm satisfied that the areas of damage identified are indeed damaged outside fair wear and tear. The bumpers and door mouldings have very many scratches and scuffs on each – they're all visible on the four photographs provided by RCI.

The photograph of the alloy wheel shows significant scratching on the spokes of the wheel. And there's no dispute that the service history is incomplete – there's no record of the service having been undertaken. So, I think the charges have been applied fairly.

Given all of the above, I'm satisfied that the charges RCI asked Miss O to pay were applied fairly and in line with relevant industry guidance and that RCI has acted fairly in respect of the charges it applied.

I've noted Miss O's comment that she wasn't sent a reminder of the need to have the car serviced, but this doesn't change my view of things. I say this because the paperwork that she read and signed when she acquired the car makes it clear that she was responsible for ensuring that it was "*serviced in accordance with the recommendations of, and at the intervals specified by the manufacturer"*. And failure to adhere to this would result in a charge of £210 for each missed service.

Miss O supplied her own evidence of the car – she says her imagery is close up and no damage is visible – the inference being that some of this damage took place after the vehicle was collected from her home, but I just don't think this is likely. I say this because RCI appointed an independent third party, one that is recognised in the industry, to conduct an assessment. It simply assessed the car – it was for RCI to determine the charges that it wanted to levy.

Finally, Miss O says she's seen no evidence that RCI lost £600 on the sale of the vehicle. I've considered this carefully but have concluded that this isn't material to the complaint in hand. RCI is under no obligation to repair the car or provide information or evidence of its subsequent sale price. I say this because Mrs G would've incurred the same charges even if RCI had been unable to sell the car, or indeed chosen not to sell the car. This is because the charges are applied in respect of damage to the car that goes beyond fair wear and tear, or the notional loss in value because the car isn't returned in the condition that was agreed when she first signed her credit agreement.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 31 July 2024.

Andrew Macnamara
Ombudsman