

The complaint

Mrs T complains about the service she received from Ald Automotive Limited t/a Kia Contract Hire (“AAL”) when her hire agreement ended. She says she agreed to an extension of her agreement, but when she later returned the car, AAL applied some charges in relation to damaged alloys and the front bumper.

What happened

Mrs T entered into a hire agreement in November 2018 for a term of 48 months. Mrs T says that at the end of this period, she extended the agreement for a further 12 months and she’s unhappy with the end of contract charges that were applied when the car was collected and inspected. Mrs T told us:

- during the hire period, the alloy wheels started to develop an unsightly appearance, and her own research showed that this was likely to be a manufacturing fault, but her dealership wasn’t prepared to make a claim on the warranty;
- at the end of the hire period, the car was collected and inspected, and she was sent an invoice for £385 which included damage to the four alloys;
- she disputed the invoice with AAL, and it was reduced to £295;
- she accepts there is impact damage but says it shouldn’t be her responsibility to pay for the corrosion which she insists is a manufacturing fault;
- the alloy wheels supplied with the car were not of satisfactory quality as is required by the Consumer Rights Act 2015 and, as a result, AAL should remove these charges.

AAL rejected this complaint. It said the car was collected by an independent third party and taken to a site for a detailed inspection. It said this inspection identified some damages requiring repairs totalling £385. AAL said it had reviewed the charges following Mrs T’s original complaint and agreed to remove one of them. It says that following this review, the amount required was reduced to £295.

AAL said it uses a standard pricing matrix when raising appraisal charges at the end of a customer’s agreement. And it 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.

AAL said it was satisfied that the damage it had identified was clearly evidenced and had been charged in accordance with its pricing matrix. It said these costs were what it would incur in ensuring the car was repaired and ready for resale. And it confirmed that it was owed £295 by Mrs T. AAL explained that these appraisal charges are designed to compensate it for damage present that exceeds the acceptable levels set by the BVRLA because it is reasonable to assume that if the damage is not repaired prior to re-sale, the vehicle value will reduce as a result.

Mrs T 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 said she'd looked at the evidence submitted by AAL to support its position and assessed this against the BVRLA guidelines, and she thought the damage was visible and outside the fair wear and tear guidance and, as a result, was chargeable. She explained that in addition to any corrosion that may be present, the charges in respect of the three alloys were applicable because they related to damage and scratches that appear to be impact related.

Mrs T disagrees, so the complaint comes to me to decide. She says regardless of any impact damage to the three alloys in question, the presence of corrosion means it's unfair for AAL to charge her to repair or replace the alloys.

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. I'll explain why.

The terms and conditions of the agreement, signed by Mrs T, sets out in some detail the acceptable return condition of the car. It clearly sets out that the condition of the car on its return will be assessed against the guidelines issued by British Vehicle Rental and Leasing Association ("BVRLA"), and a link to its website and the guidelines was provided.

The hire agreement goes on to explain that the customer will have to pay the costs of either repairing or refurbishing the vehicle, or the cost of the consequent reduction in the sale of it. I've read this carefully, and I'm satisfied that Mrs T was responsible for returning the car in good condition, but the question is whether all the charges applied by AAL are fair and reasonable.

The inspection identified a number of areas of damage that it deemed to be unacceptable - outside fair wear and tear. After removing one of the charges, those that remain outstanding are as follows:

1. Left hand front alloy – alloy rim and spoke damage	£90.00
2. Right hand front alloy – alloy rim and spoke damage	£90.00
3. Right hand rear alloy – spoke damage	£90.00
4. Front bumper – scratched in excess of 25mm	£65.00

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 also taken these into account so that I can decide what is fair and reasonable for AAL to charge Mrs T.

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 AAL. It says:

- Wheels – *“Any damage to the wheel spokes, wheel fascia or hub of the alloy wheel is not acceptable”.*
- Bumper – *“Surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided, they can be polished out”*

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

Finally, I've looked very carefully at the evidence that AAL provided – nine photos of the three alloys and two photos of the front bumper – and I'm satisfied that the areas of damage identified are indeed damaged outside fair wear and tear. Each of the alloys is scratched and scuffed; and there is clear visible damage to the front bumper greater than the 25mm permitted under the guidelines. So, I think the charges have been applied fairly.

I've considered carefully what Mrs T says about the corrosion on the alloys and the research she says indicates that this may be a manufacturing fault. But the presence of any corrosion and its possible cause doesn't detract from the fact that the alloys are damaged – scratches on the spokes, fascia, or hubs, on each of the three alloys and are, as a result, chargeable.

And although she says the alloys supplied with the car were not of satisfactory quality as is required by the Consumer Rights Act 2015, this isn't something that I can consider under this complaint.

Under the Consumer Rights Act 2015 ("CRA") there is an implied term that when goods are supplied "the quality of the goods is satisfactory". The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods.

The CRA also says that, where a fault is identified *within* the first six months, it's assumed the fault was present when the car was supplied, unless the business, in this case it would be AAL, can show otherwise. But, if the fault is identified *after* the first six months, then it would be for Mrs T to show the fault was present or developing when she first acquired the car.

In any event, Mrs T would need to raise a complaint with AAL about the satisfactory quality of the car at the point of supply in the first instance and then, if she remains unhappy with its final response on the matter, she could consider bringing a complaint to this Service about the satisfactory quality of the car at the point of supply.

Given all of the above, I'm satisfied that the charges AAL asked Mrs T to pay were applied fairly and in line with relevant industry guidance – AAL has acted fairly in respect of the charges it applied.

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 Mrs T to accept or reject my decision before 30 July 2024.

Andrew Macnamara
Ombudsman