

The complaint

Mrs F complains about damage charges that Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions has invoiced her for.

What happened

In November 2017 Mrs F entered into a hire agreement with Novuna for a car.

In December 2022, after the agreement had come to an end, the car was inspected and collected from Mrs F. The inspector identified a number of damages which they deemed to be beyond fair wear and tear and which they estimated would cost £705.00 to rectify (repair).

Mrs F complained that she shouldn't be held liable for the noted damage and she should be given 'credit' for returning the car with less mileage on the odometer than allowed for under the agreement terms and conditions.

Novuna considered Mrs F's complaint and agreed to remove a charge of £60.00 for what had been identified as a dent to the left B post but didn't agree to the removal of any of the other charges totalling £645.00.

Unhappy with Novuna's response to her complaint Mrs F referred it to our service.

Mrs F's complaint was considered by one of our investigators who came to the view that Novuna was entitled to seek payment of £645.00 from her.

Mrs F didn't agree with our investigator's view so her complaint has been passed to me for review and decision.

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 can confirm that I've come to the same overall outcome as the investigator and for broadly the same reasons. There is also very little I can usefully add to what has already been said.

Although it doesn't appear to be in dispute, on signing the agreement Mrs F accepted the following terms and conditions:

3.1 You agree...

(a) to inspect the vehicle on delivery and promptly notify us if; (a) the vehicle does not correspond to the vehicle specified in the Agreement or (b) the Vehicle is defective in any way. Failure to promptly notify us of a vehicle defect may affect the rights we have against the supplier of the vehicle

(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 Renting and Leasing Association (BVLRA)

7.3 If the vehicle is returned to us within 7 days of after the date of termination, you shall also pay us compensation for any failure by you to comply with clauses 3.1(b)...amounting to (at our unrestricted option) either any costs which we actually expend to rectify this breach or (as our reasonable pre-estimate of the diminution in value of the vehicle as a result of that breach) the estimated costs of the work that would be required to rectify your breach.

So with the above in mind I'm satisfied that on the car's return Novuna had the right to charge, and Mrs F had an obligation to pay, for any damage to the car deemed to be beyond fair wear and tear.

After Mrs F complained to it Novuna said it was prepared to accept £645.00 in respect of the identified damage to the car, broken down as follows:

• scratches to left C post	£75.00
• scratches to front bumper	£175.00
• dent to front left wing	£60.00
• scuffs to rear left alloy wheel	£65.00
• scuffs to rear right alloy wheel	£65.00
• scuffs to front right alloy wheel	£65.00
• scratches to right sill panel	£140.00
• total	£645.00

Mrs F says the damage Novuna is seeking payment for is damage commensurate with a car that, on its return, had been used by a young family, was five years old and had travelled 37,346 miles. But I disagree that this is grounds for me to find that Novuna has no right to charge for the damage that it has. In my view what is material to whether Novuna can charge for the damage it has is the terms and conditions of the agreement Mrs F agreed to be bound by and what the BVRLA guidance says constitutes damage beyond fair wear and tear.

I've considered the seven items of damage that Novuna has charged Mrs F for, and which are noted above, in light of both the inspection report produced and the BVRLA guidelines. And having done so I'm satisfied (for the same reasons as noted by the investigator in their view) that this damage is damage that Novuna can fairly and reasonably charge Mrs F for.

Having concluded that Novuna is entitled to charge for all seven items of damage that it has, I've gone on to consider whether a sum of £645.00 for this damage is fair and reasonable.

I can see that following receipt of the investigator's view Mrs F said she would like to see evidence that repairs totalling £645.00 were undertaken by Novuna.

Now I can understand why Mrs F would like this information but I'm not persuaded that it's material to my consideration of this complaint or material to the outcome of it. I say this because Novuna, under the terms and conditions of the agreement, was under no obligation to undertake any repairs to the car prior to its sale (at auction) and probably didn't do so.

I can also see that following receipt of the investigator's view Mrs F said she would like to see evidence as to what the car was valued at and what it was ultimately sold for.

Again I can understand why Mrs F would like this information but again I'm not persuaded that it's material to my consideration of this complaint or material to the outcome of it.

The agreement doesn't place Novuna under an obligation to account to Mrs F for any 'profit' achieved on the car's sale, just as it places no obligation on Mrs F to account to Novuna for any 'loss' achieved on the car's sale. Instead, what the agreement allows for is for Novuna to charge Mrs F a reasonable pre-estimate of the diminution in the car's value as a result of damage deemed to be beyond fair wear and tear.

And having considered what Novuna has charged Mrs F, and for what, I'm satisfied that regardless of what the car was ultimately sold for £645.00 constitutes a reasonable pre-estimate of the diminution in the car's value as a result of the damage deemed by Novuna to be beyond fair wear and tear.

I note that Mrs F says she should get credit for returning the car with only 37,346 miles on the odometer rather than say 40,000 miles (8,000 miles a year for 5 years). But the agreement makes no allowance for such a credit and I'm satisfied, based on what Mrs F has said and submitted, that she entered into the agreement in the full knowledge of this fact.

So in summary, and I appreciate Mrs F will be disappointed, I'm satisfied that Novuna is entitled to seek recovery of the sum of £645.00 from her in respect of damage.

My final decision

My final decision is that Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions can fairly and reasonably seek the payment of £645.00 from Mrs F in respect of damage charges.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 29 July 2024.

Peter Cook
Ombudsman