

The complaint

Mr T complains about the way that RCI Financial Services Limited, trading as Renault Finance, has dealt with a hire agreement for a van battery.

What happened

Mr T entered into a hire agreement for a van battery with Renault Finance that he signed in March 2017. He agreed to make 36 monthly hire payments of £72 for the battery. He had some issues with the van for which he'd hired the battery and he contacted Renault Finance in December 2019 about ending the hire agreement for the battery.

It said that he needed to return the battery to it, at his cost, but that it would waive the early termination fee. Mr T says that he was told that the battery had to be returned to Renault Finance in France, which he couldn't afford to do, so he left the battery in the van which he left with the dealer because it was no longer roadworthy.

Mr T had cancelled his direct debit to Renault Finance in November 2019 so didn't make the hire payments that were required under the agreement. It sent him a notice of sums in arrears in December 2019, a default notice in January 2020 and terminated his agreement in February 2020. It said that the outstanding balance on his account, including the value of the battery, was £7,477.80.

He complained to Renault Finance in February 2020 but wasn't satisfied with its response so complained to this service. Our investigator didn't recommend that his complaint should be upheld. She said that the balance of £7,477.80 didn't take into account the reduction of the insured value of the battery of 10% each year that was set out in the agreement and that Renault Finance had confirmed that the total balance due from Mr T was £3,304.05. She said that Renault Finance was entitled to charge Mr T for the insured value of the battery (after the relevant deductions) plus the arrears due from him under the agreement. She said that the terms and conditions which he agreed to when entering into the hire agreement, allowed for that.

Mr T has asked for his complaint to be considered by an ombudsman. He has responded to the investigator's recommendations in detail and says, in summary, that:

- he should have been told that he was responsible for the removal of the battery to a reasonable location;
- he was told that it would have to be taken to a specialist dealer (but the van, with the battery in it, was already with a specialist dealer);
- he was told that he would have to bear the cost of returning the battery to France; and
- it has calculated the amount due from him incorrectly.

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 agree with the conclusions reached by the investigator for these reasons:

- it's clear that Mr T wanted to return the battery and end the hire agreement when he stopped using the van because it was no longer roadworthy;
- he contacted Renault Finance in December 2019 about returning the battery and its system notes show that he was told that if he was scrapping the van he would *"... need to pay the costs of repatriation however the battery must be diagnosed to ensure it is in working condition prior to repatriation ..."*;
- those notes also show that it responded to an e-mail from Mr T two days later and said:

"Under clause 17 of your terms and conditions you do have the ability to terminate your Agreement with RCI. However as noted under clause 17.4 this is dependent on your returning the battery to us as per clauses 15.2 and 15.4. To do so, you can arrange for the battery to be diagnosed, removed and sent for re- stocking. You would be responsible for paying these costs, as well as being responsible for the transport of the vehicle and shell to & from the dealership respectively. We are unable to provide an up-front cost for these as you will only be invoiced once the technician has diagnosed the battery and sent the report to our Head Office in France. An early termination fee is also normally required in such a scenario but in this case, should you wish to proceed I have arranged that this will be waived";

- Mr T was sent an e-mail in January 2020 which said that he was required to take the van to one of its electrical vehicles specialists for the battery to be removed and repatriated to its head office in France and that if he did so he would incur no additional cost;
- I'm not persuaded that there's enough evidence to show that Renault Finance told Mr T that he needed to return the battery to it in France – but he did have to arrange for the battery to be diagnosed, removed and sent for re-stocking at his cost – but as the van was with a dealer which was an electrical vehicles specialist he would only have needed to pay for the battery to be removed;
- he didn't do so and the battery was left with the van when he left it at the dealer - the battery wasn't returned to Renault Finance in accordance with the agreement and Mr T cancelled his direct debit – even though Renault Finance had said that it would waive the early termination fee;
- as Mr T hadn't made the payments required under the agreement, Renault Finance sent him a notice of sums in arrears in December 2019, a default notice in January 2020 and, when he hadn't taken the action required by the default notice, it terminated his agreement in February 2020;
- it said that the outstanding balance on his account, including the value of the battery, was £7,477.80 – but that didn't take into account the reduction of the insured value of the battery of 10% each year that was set out in the agreement - and Renault Finance had confirmed that the total balance due from Mr T was £3,304.05;
- Mr T didn't return the battery to Renault Finance and didn't make the hire payments required under the agreement so I consider that it was fair and reasonable for it to default his account, end his agreement and charge him for the insured value of the battery (reduced as set out in the agreement) and for the arrears on his account;
- other than the reduction in the value of the battery (which has now been corrected) I consider that Renault Finance has acted in accordance with the terms of the hire

agreement and I'm not persuaded that there's enough evidence to show that it has acted incorrectly; and

- I find that it wouldn't be fair or reasonable in these circumstances for me to require Renault Finance to reduce or waive the outstanding balance owed to it by Mr T, to remove the adverse information that it's recorded on his credit file, to pay him any compensation or to take any other action in response to his complaint.

I suggest that Mr T contacts Renault Finance and tries to agree an affordable repayment arrangement for the amount that he owes to it. If he doesn't do so, I consider it to be likely that Renault Finance will take further action to recover that amount from him (to the extent that it's legally entitled to do so). If Mr T is experiencing financial difficulties he should tell Renault Finance about those difficulties. It's required to respond to any financial difficulties that he's experiencing positively and sympathetically.

My final decision

My decision is that I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 23 April 2021.

Jarrold Hastings

Ombudsman