

The complaint

Mrs M complains PSA Finance UK Limited (PSA) unfairly applied end of contract charges when her car finance agreement came to an end.

What happened

In February 2017, Mrs M entered into a 37 month personal contract purchase (PCP) agreement for a new car. As part of the agreement, she also purchased tyre and GAP (guaranteed asset protection) insurance policies at £608. For that, she was required to pay £9.28 a month followed by a final payment of £344.

The agreement was due to end in March 2020 and Mrs M wanted to return the car. It was due to be collected on 10 April 2020 however due to the Covid-19 pandemic, it was cancelled. It was eventually collected on 20 April 2020 and later inspected on 14 May 2020. Damage was found to the car and a number of documents were missing. Therefore PSA said Mrs M needed to pay £1,106. They also said she needed to pay the final payment for the insurance policies. Mrs M disputed these costs and how the situation had been handled overall. She raised a number of complaints, in summary she said:

- She had been mis-sold the insurance policies;
- There was a delay in collecting the car;
- When collected, the agent only took the logbook and refused to take the other documents despite having them in her possession. She tried to send these documents to PSA afterwards but they wouldn't allow her to;
- The damage to the car wasn't present when it was collected therefore it must have been caused afterwards;
- She received a number of arrears notices via email and text messages and she was worried how this was impacting her credit file and ability to obtain credit;
- This situation has caused her stress and upset.

PSA responded to the complaints and said:

- The agreement set out the costs for the insurance policies and it was clear a final payment would be due.
- There was a delay in collecting the car due to Covid-19. As the car wasn't returned the final instalment became payable. This meant the account fell into arrears and correspondence was automatically generated. They would remove any adverse information from her credit file.
- Following the inspection of the car, they had fairly applied the charges. But they agreed to remove the charge for the valet (£50). They couldn't accept any documentation relating to the car thereafter as it went to auction immediately.
- To resolve the complaints and as a gesture of goodwill, they would reduce the charges for the missing services, literature pack and service book by 25% from £650 to £487. This meant £893 for the damages and missing documents plus £344 for the

insurance, meaning a total balance of £1,238 to pay.

Unhappy with their response, Mrs M referred the complaint to our service. Our investigator recommended the case was partially upheld. They said there was insufficient evidence to say the insurance policies were mis-sold and it would've been reasonable for Mrs M to have left the documents in the car if the agent didn't take it. They said the damage charges for the rear bumper, deflated tyre and puncture repair kit should be removed but everything else was charged fairly. They said PSA had already removed adverse information from the credit file so there was nothing further to do and lastly PSA should pay £150 compensation for the trouble and upset caused.

Mrs M disagreed and maintained her position as summarised above.

Since the investigator's opinion, PSA has agreed to remove the charges for the bumper, deflated tyre and puncture repair kit.

In February 2021, I issued my provisional decision partially upholding the complaint. I said:

"The sale of the insurance

Mrs M said the insurance policies (GAP and tyre) were mis-sold because she wasn't aware she could buy them elsewhere, it was expensive and she didn't know there was a final payment.

I've carefully considered her comments. I note Mrs M accepts she was told the policies were optional but she felt the salesperson pressured her into getting them, in her words it was a 'hard sell'. Based on what she's said, it would appear she felt the need to get the policies to provide cover in the event of any shortfall should it be stolen or written off, which is the purpose of GAP insurance. Overall, I'm satisfied Mrs M knew the policies were optional and I'm not persuaded she was pressured or forced to buy the policies but rather she felt it was beneficial to do so. I also don't find it was the dealership's duty to let her know she could buy the policies cheaper elsewhere.

I can understand why Mrs M may think it's unusual to have a final payment for the insurance policies but having reviewed the agreement, I find the costs were set out in a clear and fair manner including the final payment. Therefore I can't say PSA is acting unfairly by asking for this payment given Mrs M had the benefit of the insurance. Although I appreciate she may not have had to claim under the insurance policies. Given Mrs M signed this agreement in 2017, I'm satisfied she was aware of the same so I can't say PSA has done anything wrong in this regard.

Collection of the car

On 23 March 2020, the UK government imposed a nationwide lockdown due to the Covid-19 pandemic. This had a significant impact on financial businesses such as PSA including reduced staff and delays in their operations. PSA said the initial collection of the car on 10 April 2020 was cancelled due to the pandemic but I can see it was later collected on 20 April 2020. Given these wider circumstances and the fact the car was collected ten days later than the original date, I don't believe the delay was unreasonable.

End of contract charges

The terms of the agreement said if the car is returned, PSA can charge for damage if applicable. In such cases, one of the things our service takes into account is the guidance published by the British Vehicle Rental and Leasing Association (BVRLA). This is industry guidance which sets out what is considered fair wear and tear when new cars are returned

at the end of agreements. In this case, the car was new when supplied so I've considered this guidance.

PSA has charged the following:

No.	Item	Comments	Charge
1	Literature pack	Missing	£25
2	Service history	Three missing	£600 (£200 each)
3	Service book	Missing	£25
4	C post	Scratched	£40
5	Compressor	Missing	£140
6	Puncture repair kit	Deployed	£49.70
7	Left front wheel	Scuffed	£16
8	Rear bumper	Scuffed	£75
9	Rear wheel	Deflated	£86

Missing documentation

The BVLRA guidance says the car must have been serviced in line with the manufacturer's schedule and the service book should be stamped to evidence this. It also says the car's documentation should be returned including the manual, service booklet, logbook, etc.

The inspection report said the literature pack, service history and service book were missing. Mrs M said she was in possession of the same at the time of collection and she's provided a picture of an invoice for a service that was completed in June 2018. This picture is date stamped 20 April 2020 which is the day the car was collected. On one hand she said the collection agent only took the logbook and refused to take the rest. On the other hand she said she didn't want to leave the documents in the car due to contamination concerns relating to the pandemic. She also mentioned she was shielding due to the pandemic and her husband dealt with the collection. I can appreciate why Mrs M may have been concerned about the social distancing requirements and physically providing the documents to the agent but if that was the case, I believe it would've been reasonable to have left it in the car. It also doesn't explain why the logbook was provided but the other documentation wasn't.

When asked about proof of the other documents such as the two other services, literature pack and service book, Mrs M said they were underneath the service invoice as seen in the picture. However I don't find this to be sufficient evidence to persuade me that they were indeed in her possession at the time of collection. Additionally having reviewed PSA's contact notes, I can see she contacted them in February 2020, several weeks before the initial collection, to find out whether PSA would reduce the charge for a missed service because she wasn't sure if they had all been done. This strengthens my belief that Mrs M didn't have evidence of a full service history, I find she only had proof of one.

I'm also not convinced the collection agent only wanted the logbook. I say this because on the collection sheet it indicates the services were missing which to my mind shows the agent was aware it was needed but it wasn't supplied.

Mrs M said she contacted PSA immediately after the collection to complain the agent hadn't taken the documents. However I don't see evidence of this in PSA's contact notes. The earliest I can see she contacted PSA specifically about the documents was around June 2020. This was approximately two months after the car was collected and after PSA said she needed to pay for the missing documents.

Even though I'm satisfied Mrs M had evidence of one service, PSA has said they couldn't accept documentation after the car was collected because the car was sent to auction immediately. I think it's reasonable to say a car would generally fetch a lower price without a

full service history which is why such documentation is required to be provided at collection. As this didn't happen nor is there sufficient evidence Mrs M provided the one service invoice to PSA immediately afterwards, I believe they were entitled to charge for the missing services and other documents. As a gesture of goodwill, PSA has agreed to reduce the charges for the missing documents by 25% so I can't say they've acted unfairly.

Damages

The investigator didn't believe the damage charges were fairly applied for the rear bumper, deflated tyre and puncture repair kit and he set out the reasons as to why in his opinion. Having reviewed the photos in the inspection report, I agree with what he said so I won't repeat it again. I understand PSA has already agreed to remove these charges.
In terms of the other items:

Compressor – this car part is reported as missing. However the inspection report doesn't provide any image of this, such as the area where it should be located to demonstrate it wasn't present. In my opinion there's insufficient evidence for me to safely say it was missing therefore I don't find PSA are entitled to charge for this.

C post – the inspection reports said there is a scratch. The BVRLA guidelines say "Surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided they can be polished out". Having looked at the photograph and the measuring tool next to the scratch, it's clear it exceeds 25mm so I think PSA can fairly charge for it.

Left front wheel - the BVRLA guidelines say, "scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels are acceptable". Having looked at the picture, I believe the scuff marks exceed 50mm therefore I think PSA are entitled to charge for it.

Generally when a car is collected, I would expect any visible damage to be noted on the collection report which is usually signed by the consumer. In this case, the collection report doesn't indicate any damage and Mrs M said this showed there was none present meaning the damage was caused afterwards. It's unfortunate this normal practice wasn't followed and the car wasn't inspected for damage at collection, it's unclear whether there was a change in process due to Covid restrictions. However on balance, I think it's more likely the collection agent simply didn't check the car for damage rather than there being none present. Given the extent and nature of the damage, the fact the car was in Mrs M's possession for over three years and the mileage was the same at collection as it was at the time of inspection, I'm satisfied the damage was likely caused while it was in her care.

Mrs M has commented about the amount charged for each item as she feels it's expensive. PSA said this is the cost charged by the manufacturer and in my opinion I believe the charges are fair. I also note in February 2020, prior to the initial collection, PSA made Mrs M aware of the costs for individual items should they be damaged or missing. I believe they provided sufficient notice for her to arrange her own repairs before the car was returned if she chose to do so therefore I can't say they acted unfairly.

Arrears communication

PSA said as the car wasn't initially collected, the return process wasn't complete which meant the final payment of £4,710 became payable. As this wasn't paid, arrears communications were automatically generated and sent to Mrs M. Having seen the number of emails and text messages, I can understand why Mrs M would've been worried about this especially as the delays in collecting the car were beyond her control and she was disputing the end of contract charges. I also acknowledge her concerns about the likely impact on her credit file.

Having read PSA's contact notes, I'm satisfied they explained the reason for this to Mrs M and confirmed they would remove any adverse information from her credit file. Their system notes show they did this on 16 May 2020. As there is insufficient evidence to suggest Mrs M applied for credit and it was denied as a result of such information, I can't say PSA has caused a financial detriment.

Discrimination

Mrs M said she believes she was discriminated against due to her name. She said when she contacted the agents about the collection, they said PSA had told them that she could provide the missing documents. However in her communication to PSA, she was told she couldn't do this.

I'm sorry to hear Mrs M feels she had been treated differently and I understand why she feels this way given the conflicting information she had received. However based on the evidence, I don't believe PSA has discriminated against her because of her name. I'm satisfied the application of end of contract charges and the requirement to provide missing documents applied to all consumers who return their cars. PSA are responsible for determining what should be charged, not their agents so while I note what the agents said, it's for PSA to decide. It's unfortunate conflicting information was given and I can understand why Mrs M wasn't happy about this but I don't believe this was due to her name. I hope that it helps Mrs M to know that someone impartial and independent has looked into her concerns.

Summary

Overall, I'm not satisfied PSA fairly applied all of the damage charges. The charges for the bumper, puncture kit, deflated tyre and compressor should be removed. For all the others, I believe PSA are entitled to charge for them. There is insufficient evidence the insurance policies were mis-sold therefore as per the agreement, it's fair for PSA to require the final amount of £344 is paid.

Mrs M has explained how this situation has caused her upset and worry especially with the ongoing communication about the arrears, adverse information reporting on her credit file and the amount of time she spent communicating with PSA to get this matter resolved. She has strongly disputed the charges and for the reasons above, I agree she was right about some of them. Given the circumstances, I believe PSA should also pay £100 compensation for the trouble and upset caused.

I suggest Mrs M contacts PSA to discuss a suitable way to pay the outstanding balance. In the event she is struggling financially, I would like to remind PSA of the expectation that she is treated with forbearance and due consideration. Once the outstanding balance has been paid, I believe it's fair for PSA to remove any adverse information from April 2020 onwards and mark the agreement as being settled".

Response to the provisional decision

PSA provided no further comments. Ms M responded with a number of points disagreeing with the overall findings. I won't outline them in full but they include:

- On the day of collection, she had possession of documents relating to two services and the other documents which the agent refused to take;
- She tried to speak to PSA immediately thereafter but she had difficulty contacting them due to the pandemic;
- The demand letters from PSA caused trouble and upset;

- The adverse information on her credit file impacted her ability to obtain credit.

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.

I thank Ms M for her detailed response which I've carefully considered. However having done so, I don't believe she has raised anything new that I haven't already considered or addressed. As previously mentioned, I won't comment on everything only on the points I consider to be key in reaching a fair outcome.

I would like to stress despite our requests of evidence of the missing documents, Ms M has only provided evidence of one car service (June 2018). The other document relates to a MOT (January 2020). Additionally, in the event the one service and the other documents were in Ms M's possession at the time of collection, I believe it would've been reasonable for her to have contacted PSA immediately after the collection if the agent refused to take it but there is no evidence she done so based on PSA's contact notes. However I note she did speak to them regarding other matters about the account and raised complaints. On that basis I believe PSA are entitled to charge for the missed documents and they've decided to do so at a reduced rate so I can't say they've acted unfairly. For all of the other points that Ms M has raised that I consider to be central to the complaint, I have already addressed them in my provisional decision so I won't repeat them again.

I know Ms M feels strongly about this matter but as I haven't been provided with any new information or evidence to change my decision, I still consider my findings to be fair and reasonable in the circumstances. Therefore, my final decision is the same for the reasons as set out in my provisional decision.

My final decision

For the reasons set out above, I've decided to uphold Mrs M's complaint.

To put things right, PSA Finance UK Limited must:

- Remove the damage charges for the rear bumper, deflated tyre, puncture repair kit and compressor;
- Upon payment of the outstanding balance, remove any adverse information about this agreement from April 2020 onwards and to mark the agreement as being settled.
- Pay £100 compensation to Mrs M for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 14 April 2022.

Simona Charles
Ombudsman