

The complaint

Mr E complains about the end of contract charges he's been asked to pay by PSA Finance UK Limited ("PSA") at the end of a car hire agreement.

What happened

I issued my provisional decision on this complaint in April this year. An extract from that provisional decision is set out below.

What I've provisionally 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, whilst I agree with most of the investigator's findings I don't agree that Mr E should have to pay everything PSA are asking. I'll explain why.

Mr E acquired his car under a hire agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The terms of the finance agreement held Mr E responsible for keeping the car in good condition. He would be responsible for any damage if the car wasn't returned in the correct condition and a charge could also be made if the car wasn't serviced correctly.

Was there an agreement to close the case with nothing to pay?

Mr E received an email from PSA on 15 July 2021 in which they said:

"Thank you for your email, our team cannot respond as this case is now closed".

He says that PSA should honour this and that charges should therefore not apply.

I don't think that would be fair. Whilst I accept the phrasing of the email is a little misleading I don't think PSA ever agreed to close the case. Whilst they had agreed to remove a missing service charge I don't think they agreed to do anything else. PSA clarified their position in a further email on 19 July 2021. So, even if the first email was misleading I think Mr E would have quickly understood PSA's proper stance on the matter.

Were the damage charges fairly applied?

The industry guidelines for what is considered fair wear and tear when vehicles are returned at the end of their lease, is provided by the British Vehicle Rental and Leasing Association (BVRLA). So, I think that industry standard is the fairest gauge of whether charges have been levied fairly and I'll use that when considering the damage in the inspection reports.

Our investigator explained what the guidance said in relation to the charges PSA levied for the damage to the bumper, doors, door moulding and alloy wheel. Mr E hasn't disputed the

investigator's findings on these issues and I won't comment any further on them other to say that the investigator has stated the BVRLA guidance correctly and I would agree that the damage is fairly chargeable as it exceeds the guidance for what could be considered fair wear and tear.

Mr E did dispute the charge for the windscreen damage. The BVRLA guidance says: "Damage in excess of 10mm in the driver's line of vision or in excess of 40mm elsewhere in the area swept by the vehicle's wiper blades, is not acceptable".

Mr E has pointed out that the photographs provided by PSA weren't originally provided by them, but I can't say that's unreasonable as the damage is evidenced by them and the contract allows a charge when the damage is excessive.

Mr E says the guidance refers to damage in the driver's line of vision and that can't be assessed from an external photograph. I don't agree. I think the photographs clearly show damage in excess of 40mm across the area swept by the wipers and the charge has therefore been fairly made.

I don't think any of the charges are too high. They all seem consistent with similar charges I've seen levied by PSA's competitors and I can see the extent of typical charges was explained to Mr E in PSA's pre-collection literature, so he had an opportunity to put things right before collection.

Were the charges for missing services fairly made?

The investigator said that Mr E had originally been charged £600 for three missing services and that PSA had agreed to remove £400 of that. I don't agree.

The service book explained that services on the car are due when either 16000 miles or 1 year is reached. This was a three-year hire agreement so ordinarily three services would be due.

The service book was stamped with two services completed in 2019 and 2020. In an email to Mr E on 19 July 2021 PSA agreed to remove one service charge. They've explained this was because they appreciated it would have been problematic for Mr E to have the last service carried out during lockdown.

So that would mean there are no missing service charges due or chargeable as two were completed and PSA agreed to remove a further one.

PSA offered to reduce the bill by a further £200 and explained that was because they had failed to reply to Mr E when he contacted them on 5 August 2021. I think that was fair. Taking all that into account I think the final bill should be £739.18, as follows:

Missing services	£0.00
Windscreen damage	£315.18
Bumper corner	£75.00
Front door moulding	£40.00
Rear door L	£122.00
Front door L	£122.00
Alloy repair	£65.00

My provisional decision

I'm expecting to tell PSA Finance Limited to charge Mr E £739.18 in end of contract charges

as I've detailed above.

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.

PSA didn't provide any further information, but Mr E did. He said I was wrong not to take PSA's email of 15 July more seriously. He explained that in his professional role a message of that type would be accepted, and he questioned when, if ever, a consumer could ever be expected to rely on such a message. He went on to explain that the correct legal test should be what an ordinary man in the street would believe and he thought it was clear he would consider the case closed.

I understand Mr E's strength of feeling but I'm afraid I still don't think that would be fair. I don't think it was ever PSA's intention to close the complaint and I think that's demonstrated by the fact they clarified their position in a further email to Mr E only a few days later. I think the contractual basis for the charges was clearly made out and the charges I've detailed in my provisional decision should therefore be due.

Putting things right

I've not therefore been provided with any information that has led me to change my provisional decision. That provisional decision now becomes my final decision on this complaint.

My final decision

I uphold this complaint in part and tell PSA Finance Limited to charge Mr E £739.18 in end of contract charges as I've detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 25 June 2022.

Phillip McMahon
Ombudsman