

The complaint

Mr I complains that PSA Finance UK Limited unfairly levied charges when a hire agreement came to an end.

What happened

In June 2019 Mr I entered into a 12-month hire agreement for a car with Free2Move. At the end of the agreement, he was to return the car in good condition. He was also required to ensure that it was serviced in line with the manufacturer's recommended service schedule. If he incurred any fines or penalties, he was to pay them or reimburse Free2Move if it paid them.

When Mr I returned the car, it was inspected for damage by an independent inspector, M. M said that there were two scratches to the car. Free2Move levied charges totalling £163 for these.

Free2Move also said that Mr I had incurred three congestion charge penalties of £80 each and that the car had not been serviced.

Mr I did not accept the charges. He said that the inspector had not raised the charges when the car was collected and had forged his signature on the inspection report. He said he had had the car serviced and that he was not told about the penalty charges until it was too late to challenge them. He referred the matter to this service.

Our investigator considered what had happened. He noted that Free2Move had not addressed the issue of the penalty notices and so expressed no view on it.

He thought that the inspection report and the photos attached to it did show the damage that Free2Move had alleged and that the charges for that damage were fair. He noted that Mr I had produced an email from a garage confirming that the car had been serviced and, as well as a stamp in a service history book. He was not however persuaded that the two were necessarily linked and concluded that the charge for a service – £200 – was fair.

Mr I did not accept the investigator's view and asked that an ombudsman review the case. I did that and issued two provisional decisions.

In the first, I indicated that I agreed with the investigator's findings about the damage to the car. I was satisfied that the inspection report and photographs did evidence the damage alleged.

As far as the service was concerned, I thought, on balance, that Mr I had shown that the car had been serviced in line with the hire agreement. It appeared that the garage had not fully completed the service record, but I thought it would be unfair to penalise Mr I for that. I recommended that the fee for the service be refunded or removed. Free2Move accepted my recommendation.

Because Free2Move had not commented on the congestion charge penalties, I indicated that I would consider them separately, as long as both parties agreed.

I dealt with the congestion charge penalties in my second provisional decision. I was satisfied that the evidence showed that Mr I had driven in the charging zone when the charge was in operation – on three separate occasions. He had not paid the £15 charges within the short period allowed. Transport for London (TfL) had therefore contacted Free2Move, as the registered keeper of the car, to demand discounted penalty payments of £80 each. That charge would increase to £160 and then to £240. Free2Move paid the three discounted penalty charges of £80 each.

I noted that Free2Move would not have known about the charges until it received the discounted penalty charge notices. By paying them, it prevented them increasing further. I did not believe that there would have been any realistic prospect of challenging them, given the evidence provided by TfL. I did not recommend that they be refunded.

Mr I said that he had nothing to add.

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.

Because neither Mr I nor Free2Move has made any further substantive comment in response to my provisional decisions, I have not changed my overall view of how this case should be resolved. I will however make a formal award in respect of the service fee, so that Mr I can enforce it, should he need to do so.

My final decision

My final decision is that PSA Finance UK Limited should, within 28 days of Mr I's acceptance of my decision, refund or remove the £200 service charge. If it makes payment later than that, it should add interest at 8% a year simple from the date of acceptance until the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 21 October 2022.

Mike Ingram

Ombudsman