

The complaint

Mr B complains about the charges PSA Finance UK Limited (“PSA”) applied when he returned a car after the end of his hire agreement. He says PSA’s communications were misleading, inconsistent, full of errors and contradictions, leaving him feeling harassed.

What happened

Mr B entered into a hire agreement in May 2019 for a term of 36 months. At the end of the term, Mr B says he returned the car and was told he owed £811 in charges. Mr B says PSA admitted making a number of errors and have now reduced the outstanding balance to £338, but he says this should now be reduced to zero. Mr B told us:

- PSA admitted applying charges either in error or simply excessively and this validates the view that it applies charges incorrectly;
- the single largest charge relates to services and a missing service book – something he never received at the initial handover, but PSA has routinely dismissed what he’s told them about this;
- although PSA has admitted making mistakes and has offered him a small amount of compensation - £150 – it’s made further errors and prematurely closed his complaint;
- he’s felt harassed due to the nature of PSA’s correspondence and communications;
- PSA has now added a marker to his credit file and instructed a debt collection agency to manage his account;
- PSA should remove all outstanding charges and clear his credit file; and note that he’s returned the car with significantly fewer miles on the odometer, which is worth significant value to PSA upon any resale of the car.

PSA rejected this complaint. It said under the terms of Mr B’s agreement, he needed to return the vehicle with no damage outside of fair wear and tear. And it explained that it had reviewed the photographs and the inspection report provided by its collection agent and it was satisfied that the identified damage was clearly evidenced and was outside fair wear and tear.

PSA also explained that under the terms of the hire agreement, missing items such as Service Book, Literature Pack and, in this instance Service History are deemed to be outside of fair wear and tear and affect the car’s re-sale value, and accordingly it would levy a charge. It said it was Mr B’s responsibility to ensure that the car had a full service history and that the Service Book was stamped and available at the time of inspection. If the car were returned without the Service Book stamped or any items missing, then a charge would be applied.

PSA said it had noted what Mr B had said about the Service Book not being present at the point the car was handed over, but it said he’d signed the delivery note in May 2019 to confirm he’d taken receipt of it.

Following Mr B’s initial complaint, PSA reviewed the charges and agreed to remove some of them as a gesture of goodwill, and it reduced the total charge amount from £811.00 to £553.00.

The following month, after further correspondence between it and Mr B, PSA said one of the outstanding charges was a mistake and it removed a further £65.00 from the invoice. And it's representative agreed that PSA's communications with Mr B had been "*misleading, inconsistent and, somewhat harassing*". PSA said it was very sorry for what had happened, and it recognised that "*more could have been done by our teams to prevent this*". And it reduced Mr B's outstanding balance by a further £150 in recognition of the stress and inconvenience it had caused.

PSA confirmed that the outstanding balance on Mr B's account was £338.00 and the following month – August 2022 – it advised that it had instructed external debt collection agents to manage the account.

PSA told this Service that under the terms of the Hire Agreement, all items and documentation supplied with the vehicle needed to be present upon its return; particular emphasis is placed on the vehicle being returned with a full service history. It said it was prepared to review the missing service charges upon receipt of evidence of the servicing having been carried out, and it had notified Mr B of this.

Mr B disagreed and brought his complaint to this Service.

Our investigator looked at this complaint and said she didn't think it should be upheld. She explained that the standard for what constitutes fair wear and tear is set out in the British Vehicle Renting Leasing Association (BVRLA) guidelines and her role was to decide whether the charges applied by PSA were fair and reasonable.

She said she'd looked at the inspection report submitted by PSA to support its position and she thought the damage to the rear alloy wheel was visible and outside the fair wear and tear guidance and, as a result, was chargeable. And she said that the charges in respect of the missing Service Book and service history were both chargeable and fair.

Mr B disagrees, so the complaint comes to me to decide. He says the application of incorrect charges at the outset has thrown all charges into doubt. He says PSA's communications have been inconsistent and misleading throughout, and that this and the passing of the debt to a third party has caused him stress. He says he wants all the remaining charges to be dropped and for PSA to show how it will improve its processes and controls.

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 hope that Mr B won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of his complaint. Our rules allow me to do that. Mr B should note, however, that although I may not address each individual point that he's raised, I have given careful consideration to all of his submissions before arriving at my decision.

Firstly, I understand why Mr B wants PSA to evidence how it will improve its processes and controls. But that isn't the role of this Service, and my role isn't to punish businesses for their performance or behaviour, that's the role of the regulator – the Financial Conduct Authority. My role is to look at problems that a consumer may have experienced and see if the business, in this case PSA, has done anything wrong. If it has, I seek to put the consumer – Mr B – back in the position they would've been in if the mistakes hadn't happened. And I may award compensation if I think it's appropriate

And although Mr B is unhappy with the way in which PSA dealt with his complaint, I must explain that complaint handling by a business isn't a regulated activity. As such, the issues he's raised that relate directly to *how* PSA has investigated his complaint and his dissatisfaction with it, don't lie within my powers to consider. But I can, and will, look into the poor level of service that Mr B received from PSA.

Having considered all the evidence and testimony from both Mr B and PSA afresh, I've reached the same conclusion as our investigator and for broadly the same reasons. I'll explain why.

The terms and conditions of the agreement say that Mr B must "*keep the vehicle in good condition, carry out repairs and replace parts when necessary and maintain and service the vehicle in accordance with the manufacturer's recommendations. It is your responsibility to ensure that the repairer stamps the vehicle's service book each time the vehicle is serviced*". So, I'm satisfied that Mr B was responsible for returning the car in good condition, but the question is whether all the charges applied by PSA are fair and reasonable.

Fair wear and tear guidelines have been issued by the British Vehicle Rental and Leasing Association (BVRLA) and these are accepted as an industry standard in determining whether any damage goes beyond fair wear and tear. So, I've taken these into account when deciding what is fair and reasonable for PSA to charge Mr B.

Alloy wheel

PSA's inspection says damage to one of the alloy wheels is deemed to be outside fair wear and tear:

- Rear Alloy Wheel Right – spoke damage - £65.00

The BVRLA guidance sets out the standard regarding fair wear and tear to alloy wheels. It says:

- *"Dents and holes on wheel rims and wheel trims are not acceptable*
- *Scuffs totalling up to 50mm on the total circumference of the wheel trim and on alloy wheels are acceptable*
- *Any damage to the wheel spokes and the hub of the alloy wheel is not acceptable..."*

I've looked very carefully at the photograph that PSA provided, and I'm satisfied that the alloy is damaged as detailed in the inspection report and that the damage is outside fair wear and tear. The alloy has damage to the spokes that exceeds the acceptable level. So, I think the charge in respect of the alloy wheel has been applied fairly.

Service Book and history

PSA's inspection report says the Service Book is missing and that there's no evidence of either of the two services that should've been undertaken. It's applied a charge of £23 in respect of the missing Service Book, and a further £200 for each of the two missed services. PSA did offer to review the charge in connection with the two services if Mr B provided evidence that they had been undertaken as they should've been. But I've seen nothing to suggest that they were undertaken, or that Mr B has subsequently provided PSA with evidence confirming that the car was serviced as it should've been.

The BVRLA guidance sets out the industry standard on this matter. It says:

- *“The vehicle must have been serviced and looked after according to the manufacturer’s servicing/maintenance schedule*
- *The Service book, if originally supplied with the vehicle, must be present and date-stamped by the repairer or workshop as evidence that the services have taken place”*

Taking this into consideration along with the wording on the hire agreement, I’m satisfied it was Mr B’s responsibility to ensure that services were recorded correctly in the Service Book, and that the Service Book was returned with the car at the end of the hire agreement.

Mr B says the Service Book wasn’t present when he first took delivery of the car. PSA disagrees and says it would’ve been present. Where both parties disagree on something like this, I have to decide what I think is *more likely* to have happened taking into account all the evidence.

I’ve been given a copy of the *Vehicle Delivery Note* from May 2019, and on this form, each of the following statements have been ticked:

- *You’ve been given the vehicle handbook plus the service & maintenance record book*
- *Service requirements and the service intervals have been fully explained*
- *It is your responsibility to ensure the vehicle has a full service history record and a stamped service book.*

And just below these statements, Mr B has signed and dated this document and confirmed his address, postcode and email address. So, on balance, I’m satisfied that a Service Book was likely present when the car was delivered to Mr B, and that he knew, or ought reasonably to have known of his obligations in respect of it.

I’ve gone on to consider whether there was any other reason why it would be unfair for PSA to apply these charges. Mr B has told us that he returned the car with much less than expected mileage – he’d only driven around 20,000 miles versus the 36,000 miles he could’ve driven under the hire agreement. But I’ve seen nothing in the agreement terms and conditions that would allow for him to receive a discount for utilising less than the maximum permitted mileage. So, I wouldn’t expect PSA to offer Mr B any rebate for this.

Given all of the above, I’m satisfied that the charges PSA asked Mr B to pay were applied fairly and in line with relevant industry guidance and that PSA has acted fairly in respect of the charges it applied.

Next, I’ve considered the customer service and administration issues Mr B experienced, and I’ve read all the correspondence between the parties. I can appreciate that this would’ve been both frustrating and worrying for Mr B. PSA has offered Mr B £150 in recognition of the poor service he experienced; the distress and inconvenience – and it’s reduced the outstanding balance on his account by this amount. I think this is fair and reasonable in the circumstances, and in line with what this Service would’ve recommended, so I won’t be asking PSA to do anything more.

I know Mr B is unhappy about PSA informing him in August 2022 that it had instructed a third-party debt collection agency to manage his account, and it said future correspondence on the outstanding balance would come from this third-party. Mr B says it shouldn’t have done this *“when we were still in the complaint process”*. But I don’t agree. PSA is allowed to appoint a third party to manage the debt collection process and it can record non-payment of the outstanding balance on Mr B’s credit file. The fact he has an ongoing complaint with PSA, or the fact that he’s now brought his complaint to this Service, does not automatically

mean that PSA's debt collection activities should be suspended or reversed – this is because there is an outstanding balance, and PSA has been clear that this amount remains unpaid.

I appreciate Mr B's concerns about his credit file and the effect this *may* have on future lending applications. Mr B may be interested to note that he can place a 'Notice of Correction' on his credit records. The purpose of such a notice is to allow someone the opportunity to add any explanatory circumstances that they would like prospective lenders to take into consideration when making lending decisions. And if he wishes to do this, he should contact the credit reference agencies directly.

I know Mr B will be disappointed with the outcome of his complaint, but I hope he understands why I've reached the conclusions that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 March 2023.

Andrew Macnamara
Ombudsman