

## The complaint

Mr D complains about the charges PSA Finance UK Limited (“PSA”) applied when he returned a car after the end of his hire agreement. He wants PSA to reduce the charges and remove any negative entries from his credit file.

## What happened

Mr D entered into a hire agreement in July 2019 for a term of 36 months. At the end of the term, Mr D says he returned the car and was told he owed £982 in charges. Mr D says PSA agreed to remove two of the charges relating to poor paint repair work and reduced the outstanding balance to £738, but he says this should now be reduced further. Mr D told us

- In October 2022 he returned his car to PSA and the process for collecting the car was smooth and straightforward – the third-party collection agent went through some general checks to ensure the car was in an acceptable condition;
- at the end of the process, the subject of the logbook arose, and he explained it was something that he’d never been in possession of – but he did have receipts for two services on his mobile;
- the collection agent said they’d have to note down that an up to date logbook wasn’t present and said Mr D could dispute any charges that arise and submit copy invoices as proof that servicing of the car had occurred;
- two weeks later he received an invoice for £982, which included costs for the missing logbook and for the three services that should’ve taken place in the time he’d had the car;
- although he challenged the invoice with PSA, it told him that it couldn’t accept his service receipts in the circumstances – the car had already been sold at auction;
- he told PSA that he was concerned about the debt being transferred to a debt collection agency and the impact this would have on his credit file – but says he received an assurance from PSA that it was “...*not that type of company...want to ensure that this was done properly*”.
- over the next few months, he received arrears letters, Notice of Default Sums issued, and Notice of Sum in Arrears letters for £738 – he later learnt that PSA had removed two of the charges – and that default credit notices could be applied to his credit file;

Mr D told us that although he’s not been affected by this financially, it’s been a very stressful time and he wants PSA to apologise and reduce the amount owed to the one missing service for which he had no receipt, and he wants all reference to these events removed from his credit file.

PSA rejected this complaint. It said under the terms of Mr D’s agreement, the vehicle needed to be returned in a roadworthy condition and the required documentation needed to be present. PSA said these terms and conditions set out clearly that “*you must service the vehicle in accordance with the manufacturer’s recommendation, and that the repairer must stamp the vehicle’s service book each time as confirmation. If the requirements are not met, we are entitled to charge for the missing service history*”.

PSA 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 D'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 D 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 July 2019 to confirm he'd taken receipt of it. And PSA disputed that the collection agent would've told Mr D that invoice images on his mobile would be sufficient – it said physical invoices as detailed in the confirmation email sent to Mr D would've been required.

It also said that Mr D 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 there was damage to one of the alloys and one of the car doors was now mis-aligned. It was satisfied that the identified damage was clearly evidenced and was outside fair wear and tear. But it did agree to remove two other charges for poor paintwork, and it reduced the total amount owing from £955 to £738.

Mr D disagreed and brought his complaint to this Service.

Our investigator looked at this complaint and said she thought one of the remaining charges should be removed. 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 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 also chargeable and fair.

She said the charge for the misaligned rear door should be removed because not only was there no reference to this standard in the industry guidelines, but the photographic evidence provided by PSA wasn't persuasive – she simply couldn't see any misalignment or damage to the door. Because of this, she asked PSA to remove the £50 charge from the amount owed.

PSA accepted our investigator's opinion, but she received no response from Mr D, so the complaint comes to me to decide.

### **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 D 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 D 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.

Having considered all the evidence and testimony from both Mr D 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 D 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 (the service book must be returned to us on the day of collection...".* So, I'm satisfied that Mr D 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 (BVLRA) 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 D.

#### *Alloy wheel*

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

- Front Alloy Wheel – scuffed - £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 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 the three 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 three missed services.

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 D'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 D 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 *Customer Delivery Receipt* dated 1 July 2019, and on this form, there was the following statement:

- *Was the manufacturer's handbook/service book in the vehicle*

I can see that there's a 'Yes' box and a 'No' box. The 'Yes' box has been selected. And just below this statement, Mr D has signed and dated this document.

Furthermore, I've had sight of the letters sent by the collection agent to Mr D in the weeks before the car was collected. Letters were sent on 3 July 2022, and again on 22 August 2022. These letters make it clear that "*the vehicle must have been serviced and looked after according to the manufacturer's servicing/maintenance schedule*". And it goes on to say that the Service Book must be present, and date stamped by the service provider as evidence that the services have taken place

So, on balance, I'm satisfied that a Service Book was likely present when the car was delivered to Mr D, and that he knew, or ought reasonably to have known of his obligations in respect of it.

Given all of the above, I'm satisfied that the charges PSA asked Mr D 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.

I know Mr D is unhappy about PSA informing him that it could instruct a third-party debt collection agency to manage his account, and I understand why Mr D might be unhappy about this. But 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 D'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 D's concerns about his credit file and the effect this *may* have on future lending applications. Mr D 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 D 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 D to accept or reject my decision before 21 June 2023.

Andrew Macnamara  
**Ombudsman**