

The complaint

Mrs B complains about charges Stellantis Financial Services UK Limited ('Stellantis'), trading as Peugeot Financial Services, asked her to pay for refurbishment of a car she had been financing through an agreement with them.

What happened

Mrs B entered into a three-year hire purchase agreement with Stellantis and took receipt of a brand-new car. In 2024 the lease ended, and the car was collected and inspected by Stellantis.

They identified damage to the car and asked Mrs B to pay £36.89 in respect of a missing wheel locking nut, and £708 as they said there was dirt in the paintwork of six different panels.

Mrs B disputed the charges and eventually referred her complaint to this service. Our investigator didn't think any of the charges had been fairly applied.

Stellantis agreed to reduce the charges to £500 but wouldn't agree to waive them. They said they had incurred a loss at auction as the car had been given a low auction grade (NAMA grade 4) as a result of the damaged condition it had been returned in. They asked for a final decision by an ombudsman.

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'm upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs B acquired her car under 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 Mrs B responsible for keeping the car in good condition. She would be responsible for any damage if the car wasn't returned in the correct condition.

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).

The paintwork

The guidance says:

“Obvious evidence of poor repair, such as flaking paint, preparation mark, paint contamination, rippled finish or poorly matched paint, is not acceptable”.

Stellantis charged for six areas of damage in which they suggested there was evidence of dirt in the paint. I'm not persuaded that any of those charges are reasonable. I say that because:

- The photographs of the damage are, to my mind, inconclusive. There are some marks above the bumper joint on the right rear wing but it's difficult to gauge what they are. There is also some very slight deformation of the zebra board in the close up of the damage to the rear door right. The other photographs don't evidence the damage that is claimed. The zebra boards don't show deformation and the images don't appear to show any damage.
- This was a new car and it should have been supplied with paintwork that was in an immaculate condition. Mrs B has explained that she's never had any paintwork repairs done and the dealership have confirmed that they didn't do any before, or after, they supplied the car. The insurer has explained that the car hasn't been reported as being in an accident or been repaired as a result. If the car had needed repairs to so many panels I think it would have been likely that the insurer would have known about that issue. It seems unlikely, on the evidence provided, that this car has had paint repairs during Mrs B's tenure, and I don't think it would be fair to ask her to pay for damage that was likely to have been present on the car when it was supplied to her.

The missing locking wheel nut

I've seen correspondence from the dealership in which they explain that many models of this type weren't supplied with a locking wheel nut. Mrs B says that was the case here, and I've not seen sufficient evidence to suggest that wasn't the case. It seems Stellantis have accepted that a charge isn't merited but for the avoidance of doubt, I agree.

Stellantis say that the car received a low auction grade as a result of the damage. That NAMA 4 grade would suggest the car, when auctioned, was significantly more damaged than the inspection photographs show. According to the grading guide, grade 4 cars may have:

- A panel with significant damage i.e. over 1/3 or a significant crack to a bumper.
- Up to 10 panels with paint defects larger than 25mm or 100mm on a bumper.
- Up to 7 panels / bumpers affected with dents larger than 30mm.
- Multiple trims or parts could also be required.

I don't think there is sufficient evidence that was the case with the car Mrs B returned. I've already explained why the damage charge that was identified on the inspection report wasn't merited. I can't see there was evidence in that inspection report of other damage that would have resulted in such a low auction grading. I don't think there is reason to reject Mrs B's claim on the basis of the NAMA grading.

It's for those reasons that I think Stellantis should refund any charges Mrs B has paid them in respect of this refurbishment claim. They'll need to add interest to that refund as Mrs B will have been deprived of the money. They should waive the charges if they haven't been paid.

My final decision

For the reasons I've given above, I uphold this complaint and tell Stellantis Financial Services UK Limited to:

- Refund the refurbishment charge of £744.98 adding 8% simple interest from the date of payment to the date of settlement. If charges haven't been paid, they should be waived.
- Remove any adverse reports they may have made to Mrs B's credit file in relation to this issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 6 January 2025.

Phillip McMahon
Ombudsman