

## **complaint**

Mr F disputes the end of lease charges that PSA Finance UK Limited ("PSA") applied when he returned a car he had been financing through them. He says their pursuit of the debt has damaged his credit rating and has been unreasonable.

## **background**

Mr F took receipt of a new car in July 2009. He financed the deal through a hire agreement with PSA. The car was returned in July 2012 and an inspector identified damage to the car which PSA said was beyond normal wear and tear. They said the terms of Mr F's contract required him to pay refurbishment costs.

Mr F disputed those costs and in the meantime his account was passed to debt collection and eventually returned to PSA. They agreed to waive the outstanding balance on the account as a gesture of goodwill but they didn't remove the adverse reports they'd made to Mr F's credit files.

Mr F referred his complaint to this service and our adjudicator provided her opinion. She reviewed pictures of the damage that the inspector had highlighted in 2012. She agreed that the damage was beyond what would be considered fair wear and tear under the industry guidelines, supplied by the British Vehicle Rental and Leasing Association (BVRLA). She understood that Mr F was upset the business hadn't carried out the refurbishment work they'd charged him for but she explained that the BVRLA guidance didn't insist they completed the work: businesses could choose to sell cars at auction and use the refurbishment charge to compensate them for the loss in sales value they'd experience.

She therefore didn't think PSA had done anything wrong when they reported the debt and the default to the credit reference agencies and she didn't think they needed to take any further action.

Mr F disagreed with the adjudicator.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I agree with the adjudicator's view. I know that will disappoint Mr F so please let me 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.

Mr F 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.

Mr F's finance agreement explained that he would need to pay:

*8.1.4 "our costs in respect of ...repairs which are needed to put the vehicle in good condition following its return..."*

The BVRLA set the guidelines for what that good condition should be. I've considered the photographs of the damage, PSA were claiming refurbishment costs for, against the BVRLA fair wear and tear guidelines. In each instance I think the damage is beyond normal wear and tear.

The BVRLA guide also explains that they think it reasonable for businesses not to choose to refurbish the car and to accept the risk that the car will sell for less at auction. So I don't think PSA were wrong not to repair the car.

Mr F didn't pay all of the refurbishment charges and PSA have a responsibility to report a customer's financial activity correctly. So I don't think they were wrong to register a default when the account balance wasn't paid and they were entitled to pursue Mr F for payment and to transfer the debt to a specialist collection service.

I don't think there's evidence here that PSA have done anything wrong and I'm not asking them to take any further action.

Mr F has also complained about the debt collection company's handling of his debt. That's not something that I can hold PSA responsible for as they are separate companies. I can see that our adjudicator has suggested he may wish to raise a separate complaint with the debt collection company. If that complaint isn't resolved to his satisfaction he may then refer it to this service.

Mr F has also referred us to several passages of the Financial Conduct Authority's Consumer Credit Sourcebook (CONC). That, in tandem with the regulations in the Consumer Credit Act (1974), has governed regulated credit agreements since 1 April 2014. But Mr F's credit agreement was formed with PSA before CONC governed the agreement so it would not be fair to consider it in relation to this complaint.

He's also suggested that businesses are prohibited from issuing a default of the amount outstanding if it consists solely of fees and charges. But I don't think this debt consisted solely of fees and charges. It was a debt for refurbishment costs that were due under the agreement.

### **my final decision**

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 May 2020.

Phil McMahon  
**ombudsman**