

complaint

Mr H complains about the amount charged by PSA Finance UK Limited, trading as Peugeot Financial Services, when he terminated his hire purchase agreement.

background

A car was supplied to Mr H under a hire purchase agreement with Peugeot Financial Services that he signed in April 2013. The agreement included servicing of the car. He terminated the agreement earlier this year and the car was collected by Peugeot Financial Services' agent. Peugeot Financial Services said that the car hadn't been serviced in April 2016 as required by the agreement and that Mr H hadn't provided the car's registration certificate. So charges of £200 relating to the service and £100 for the missing certificate were made to Mr H. He was also charged £509.75 for excess mileage – but he doesn't dispute that. He complained to Peugeot Financial Services that he had paid for the car to be serviced and that a replacement registration certificate would only cost £25. He wasn't satisfied with its response so complained to this service.

The adjudicator didn't recommend that this complaint should be upheld. She noted that the car's annual service due in April 2016 hadn't taken place – and that Peugeot Financial Services says that the failure to service the car would have an impact on its value. She also noted that Mr H was responsible for making sure that the car was serviced in accordance with the manufacturer's recommendations. She noted that Peugeot Financial Services says that the registration certificate process takes a significant number of weeks – during which it can't sell the car and it depreciates in value – so the cost to it is greater than the replacement cost of a certificate. So she concluded that Peugeot Financial Services had acted fairly.

Mr H has asked for his complaint to be considered by an ombudsman. He says, in summary, that

- a new log book only costs £25 and he wouldn't consider paying anything more – and he has now found the log book;
- he hasn't received the tax back for the car; and
- the servicing of the car was included in the fixed amount he paid every month – and he wasn't made aware that he would have to pay additional money for services that were supposed to be included.

my findings

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

There doesn't seem to be any dispute that the car didn't have its annual service in April 2016 or that Mr H didn't return the registration certificate. Peugeot Financial Services says that both of those cause the car's value to depreciate.

The terms and conditions of the hire purchase agreement clearly say that Mr H was responsible for servicing the car in accordance with the manufacturer's recommendations. And the letter that it sent to him about termination of the agreement stressed the importance of returning the registration certificate - and it explained how to apply for a replacement certificate should that be necessary.

I consider that Peugeot Financial Services was entitled to charge Mr H £200 because he hadn't had the car serviced - and £100 because he didn't return the registration certificate. Those charges aren't the costs for servicing the car and replacing the certificate but compensate Peugeot Financial Services for the potential depreciation in the value of the car. I'm not persuaded that there's enough evidence to show that Peugeot Financial Services has acted incorrectly. So I find that it wouldn't be fair or reasonable for me to require it to waive the charges or to take any other action in response to Mr H's complaint. Mr H says that he has found the registration certificate. But I consider that Peugeot Financial Services is entitled to apply the £100 charge because of his delay in providing the certificate.

Mr H also says that he hasn't received a refund of his car tax from Peugeot Financial Services. That didn't form part of his initial complaint so hasn't been properly considered by Peugeot Financial Services or the adjudicator. So it wouldn't be appropriate for me to make a decision about the tax. But the adjudicator contacted Peugeot Financial Services – which said that the dealership had sent a cheque for the tax refund to Mr H.

my final decision

For these reasons, my decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 December 2016.

Jarrold Hastings
ombudsman