

The complaint

Mr F acquired a used vehicle in August 2017, by means of a 60-month conditional sale agreement with PSA Finance UK Limited. In April 2021, he agreed with PSA Voluntary Termination (VT) of his agreement. He complains about the charges applied to his agreement account at VT. He wants PSA to waive the charges.

What happened

Mr F's car was 37 months old, and had travelled a little under 46,000 miles, when he acquired it. No damage beyond normal wear and tear was pointed out to Mr F by the supplying dealership, and none was noted by Mr F, at the point of supply.

During 2020, Mr F agreed with PSA a pandemic-related payment break. He complained to PSA about: (a) adverse entries on his credit file relating to his payment break, which he felt were unfair; and (b) its customer service following the payment break and relating to VT.

PSA corrected the adverse entries on Mr F's credit file, upheld this complaint and paid him compensation. It also upheld in part his complaint about poor customer service, and it paid him further compensation.

Mr F complained to PSA as well about charges applied at VT to his account. These related to:

- A payment required to bring his total repayments up to 50% of total payments due under his agreement (a condition of VT)
- Charges relating to the recovery of his car
- Charges relating to damage to his car, beyond normal wear and tear

Mr F told us that he agreed VT because he could no longer afford to make the monthly repayments required under his agreement. Information provided to Mr F by PSA explained that he would need to pay it a little under £10,000 at VT.

Mr F said this payment should be waived because of his financial hardship, but there is no evidence of an undertaking by PSA to do so. Although PSA told Mr F, in its response to his complaint, that it would be willing to discuss and arrange a suitable repayment plan, to avoid the whole payment needing to be made in one transaction.

The VT information provided to Mr F also explained that he could return his car to PSA's collection agent without incurring a charge. Alternatively, the agent could collect his car for a modest fee. Mr F chose collection, but he said that he had difficulties in contacting the agent. He also appears to have been initially unaware that his car needed a current MOT when returned.

PSA said that it and its agent had repeated difficulties over two months in contacting Mr F, to arrange collection. Because of this, it instructed repossession agents to collect Mr F's car. This incurred a larger fee, which was charged to his account.

The VT information provided to Mr F explained as well that he would be liable for any losses or costs incurred by PSA, if his car had been damaged or otherwise not properly maintained (in accordance with the terms of his agreement). And so, Mr F's car was independently inspected after recovery, using industry guidelines to determine whether any items of damage exceeded normal wear and tear. Nine chargeable damage items were identified, costing a little over £600 to repair.

PSA did not uphold Mr F's complaint about charges, which he then referred to us. Our investigator did not think that PSA had acted unreasonably by applying most of these charges:

- She agreed with PSA that Mr F was liable to repay all of 50% of total payments, required under his agreement – although she pointed out that PSA was obliged to respond positively and sympathetically to a customer in financial difficulties
- She also felt that, given the difficulties and delays experienced in returning Mr F's car after he had agreed VT, PSA was entitled to charge for its repossession
- But she did not agree that all nine identified items of damage should be chargeable

Our investigator reviewed the photographic evidence obtained when Mr F's car was inspected. She recommended that three of the nine items should not be charged, thereby reducing the total repair cost by just under half.

PSA accepted our investigator's recommendation, but Mr F did not. He did not agree that he should have to pay any recovery charges.

Mr F also disputed some of the six remaining damage items. He said that these damages were present when he acquired the car, and that he should not have to accept responsibility for them.

So, this complaint was referred for review 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 sympathise with Mr F. But I have come to the same conclusions as our investigator, for similar reasons.

I agree with our investigator that Mr F must fulfil his VT obligation to repay in total 50% of the total payments required under his agreement. But I also note both our investigator's comment that PSA is obliged to respond positively and sympathetically to a customer in financial difficulties, and PSA's statement that it would be willing to discuss and arrange a suitable repayment plan, to avoid the whole payment needing to be made in one transaction.

I understand that Mr F chose VT because he could no longer afford to make the monthly repayments required under his agreement. This should help him to manage his financial difficulties, given the obligations placed on PSA when dealing with customers in these circumstances.

I also agree with our investigator that PSA's actions and charges were fair, in circumstances where VT had been agreed but the car had not been recovered within a reasonable period of time. A modest fee was always chargeable because Mr F opted for collection, but the delay in recovery justified repossession and consequentially a larger fee, in my view.

I agree as well with our investigator that many of the damage items, identified when Mr F's car was recovered, were more than normal wear and tear – and so were chargeable.

Mr F asserts that some of those items related to damage already done to his car when he acquired it – but, unfortunately for him, there is no evidence to support this assertion. In these circumstances, I regret to say I am unable to give further consideration to Mr F's argument, that he should not be responsible for those damage items or their related charges.

Putting things right

Having considered above the justifiable charges, our investigator identified three items of damage to Mr F's car that did not exceed normal wear and tear, and so for which he should not be charged. For this reason, I agree with our investigator's recommendation that these charges (totalling £305) should be waived.

My final decision

For the reasons explained above, my final decision is that I uphold this complaint in part. In full and final settlement of it, I order PSA Finance UK Limited to waive charges totalling £305 that have been applied to Mr F's conditional sale agreement account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 27 May 2022.

Roy Mawford
Ombudsman