

The complaint

Mr B complained about a charge applied by Stellantis Financial Services UK Limited, previously known as PSA Finance UK Limited trading as Free2Move Lease ('Stellantis'), when he handed back a car he had acquired under a hire agreement.

When I refer to what Mr B and Stellantis have said or did, it should also be taken to include things said or done on their behalf.

What happened

In October 2020, Mr B was supplied with a brand-new car through a hire agreement with Stellantis. The agreement was for approximately 36 months. Mr B paid an advance payment of £4,999.01 followed by 35 monthly payments of £272.63. Mr B handed the car back in November 2023.

After returning the car Mr B received a request for payment from Stellantis for £775.02 for damages which Stellantis said were outside of the British Vehicle Rental & Leasing Association (BVRLA) industry guidance on what is considered fair wear and tear. The damage and charges listed were:

- Front bumper dull paint applied - £120
- Front alloy wheel L scuffed - £65
- Rear alloy wheel R scuffed - £65
- Rear alloy wheel L scuffed - £65
- Front seat base cover R cracked - £298.02
- Rear door L scratched - £122
- Rear door R scratched - £40

Mr B contacted Stellantis to dispute the charges, in particular the damage to the front seat, which he said Stellantis' collection agent did not mention on the day of the collection. Mr B said that he had disagreed generally with the agent about the damage he indicated would be chargeable and the agent noted this on the collection report which Mr B signed.

On contacting Stellantis, they initially offered Mr B a reduction of £60 for the damage to the front bumper and agreed to remove the £65 charge for damage to one alloy wheel. This gave a total reduction of £125. Mr B says he told Stellantis that he would accept these reductions and pay for the remaining damage except for the £298.02 for the front seat damage which he disputed, as he said he was not made aware of it by the agent on the day of collection.

Stellantis said they would investigate Mr B's complaint and on 19 March 2024 they issued their final response. In this they said that they had reviewed all of the damage charges against the BVRLA industry guidance on what is considered fair wear and tear. Based on this review, they were prepared, in addition, to remove the charges for damage to both of the rear alloy wheels as they felt that this damage did not exceed fair wear and tear (total £130). Stellantis also said they would honour the original reduction of £125 which Mr B had

previously been offered in respect of the front bumper damage and the other damaged alloy wheel. This would amount to a total deduction from the original bill of £255 leaving a remaining amount payable of £520.02. Mr B was unhappy with this response because Stellantis would not remove the charge for the damage to the front seat, so he referred his complaint to our service for investigation.

To resolve the issue Mr B would like Stellantis to reduce or remove the charge of £298.02 for the damage to the front seat, in addition to the other reductions already offered. Mr B would like this to be done because this damage was not mentioned by the collection agent on the day of collection and he thinks the amount charged for repair is excessive.

One of our investigators looked into the complaint and concluded that the charge for the damaged seat had been applied fairly.

Mr B did not agree with our investigator and because of this the matter has been passed to me to make a final decision.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering what is fair and reasonable, I've had regard to the relevant law and regulations, any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Mr B was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The hire agreement Mr B signed with Stellantis sets out that he is responsible for any loss or damage to the car from the date of delivery to the date of disposal even if it's not his fault. It also says that he needs to keep the car in good condition, which is defined in the hire agreement as '*undamaged and has no abnormal wear and tear*'.

The British Vehicle Rental & Leasing Association (BVRLA) also set out industry guidance on what is considered fair wear and tear, so I've taken this guidance into account too when deciding whether Stellantis acted fairly and reasonably in applying the charges.

Based on this, I think it's reasonable that Stellantis would be allowed to charge for damage outside of these standards and guidance. I've also considered that the BVRLA guidance is just that – guidance. While I take it into consideration, I also need to take into consideration what's fair and reasonable in the situation here. So, I think it's fair that any damage is assessed by considering whether it's reasonable to expect this type of damage, given the car's age, and its mileage.

In deciding what is reasonable wear and tear I have taken into account that the car was brand-new when Mr B acquired it in October 2020 and when it was collected in November

2023 it was three years old and had been driven 52,923 miles. Since the car was brand-new when acquired by Mr B, most likely, it was in a perfect condition, and free from minor defects and, most likely, had no scratches or damage.

I have also looked at all available evidence including photos and written reports, as well as representations from Stellantis, their collection agent and Mr B.

Mr B is happy to pay the outstanding balance, following the reductions offered by Stellantis, but he is disputing the charge for damage to the front seat. Therefore, I have only considered whether it was fair for Stellantis to apply this specific charge. Mr B would like this charge reduced or removed.

I've reviewed the reports and photos carefully and having done this, I'm satisfied the damage being charged for exceeds what is acceptable as fair wear and tear. I will explain why.

Front Seat Base Cover R - £298.02

The hire agreement says, in relation to '*Tears/holes/cuts*', that "*Torn parts that can easily be sewn and become invisible are normal; otherwise, visible torn parts are abnormal*".

The BVRLA guidance states that '*The interior upholstery and trim must be clean and odourless with no burns, scratches, tears, dents or staining.*'

Having reviewed the photos, I can see that the upholstery on the right-hand front seat is cracked over an area exceeding 10 mm. I can also see that at one end of the cracked area a white area is visible which looks to be either the underside of the top fabric, or the material under the top fabric. I don't think it would be possible to sew up the damage in a way that would make this damage invisible, and I am satisfied the damage exceeds fair wear and tear. For these reasons I am satisfied that Stellantis can charge Mr B for this damage and I also think that the amount charged for this repair is reasonable because the cracked leather will need to be replaced.

In reaching my decision I have also considered the following additional points which Mr B raised:

- Stellantis did not treat him fairly, harassed him for payment, used bullying tactics to try to get him to pay for the damages, sending a stream of emails, texts and letters demanding payment, threatening increased fees and informing him that the debt was to be transferred to a debt collection agency.

I have considered this, and I am sorry that Mr B felt that Stellantis did not treat him fairly. However, Stellantis are entitled to pursue the recovery of money that is due to them, they can transfer the debt to a collection agency and there is no obligation on them to put a debt on hold whilst a complaint is being investigated. Having reviewed all the correspondence provided, I have not seen any evidence of harassment or bullying by Stellantis, therefore it is my conclusion that they have acted reasonably in applying their processes.

- Mr B says that although he signed the contract as part of the agreement to hire the car, this does not mean he accepted that the terms and conditions were fair.

When Mr B signed the hire agreement with Stellantis he agreed to be bound by the terms and conditions. These include what is considered normal wear and tear and what would be considered abnormal. I have already explained above why I think that the seat damage disputed by Mr B exceeds what would be considered fair wear and tear and for these

reasons I am satisfied that Mr B is bound by the terms and conditions of the agreement and Stellantis can charge for this damage.

- The collection agent did not mention the damage to the front seat when he collected the car, Mr B was unaware of it until he received the letter detailing the damage charges and he was not shown evidence of the damaged seat until our investigator sent him a copy of the report and photos. Having now seen the photos of this damage Mr B thinks the repair cost of £298.02 is excessive but if he has to pay for the damage he feels that a contribution of around 50% of the cost would be fair.

The collection agent is not obliged to let a customer see the photos on the day of an inspection, but best industry practice is to send them as part of a considered and complete report later. This is in line with the BVRLA guidelines which say that the hiring company should provide a written report of the damages, share the photos of the damages with the customer and give the customer the opportunity to dispute any charges they don't agree with.

Based on what Mr B has said it isn't clear to me that Stellantis demonstrated best practice by sending or making the photos and report available to Mr B soon after the car was collected. Mr B says he logged onto his Stellantis account after receiving the letter requesting payment for the damages, but the report and photos were not there. However, there is no evidence that Mr B reported this problem with accessing the report and photos to Stellantis.

Also, Mr B did have the opportunity to dispute the charges at an early stage, and did so on the day of collection, a fact that was noted on the collection report by the agent.

Whilst the photographic evidence is important, Mr B has now seen the report and photos taken by the collection agent on the day the car was collected and is not disputing the presence of damage at that point, rather he remains unhappy with the amount Stellantis want to charge for the repair to the front seat. Therefore, I am satisfied that Mr B has not been disadvantaged by any delay in seeing the report and photos and this does not affect my decision that Stellantis can charge for this damage.

My final decision

For the reasons explained, I don't uphold Mr B's complaint about Stellantis Financial Services UK Limited (previously known as PSA Finance UK Limited trading as Free2Move Lease)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 September 2024.

Liz Feeney
Ombudsman