

VRA

UNfair Wear & Tear

**Changing attitudes towards
PCP/vehicle termination collection
and damage recharge**

Nigel Dann Head of Quality Assurance, Anglia UK

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1



Anglian

love every drop
anglianwater



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2



3



- Longest established in-life motor risk specialist - established over 20 years
- Serve majority of the FN50 and Captive Finance houses
- 90+ employed staff and field agents



The photograph shows a modern, single-story office building with a blue door and windows. In the foreground, there are two blue and white signs: one for "20 YEARS" and another for "anglia uk".

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4

At Anglia
we *look*
at things
differently.

Therefore we **DO** things differently.

Authorised and regulated by the Financial Conduct Authority

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Trusted • Compliant • Effective

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5

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BAU

Business As Usual

6

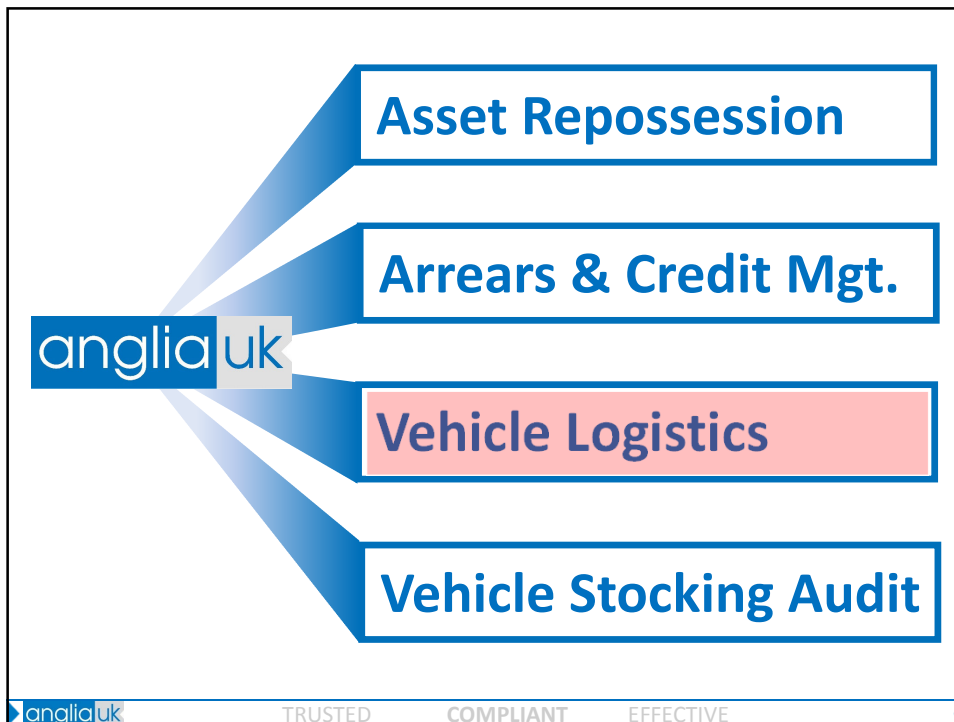


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BAU
Business As Unusual

The slide features the Anglia UK logo at the top, consisting of the word 'anglia' in white on a blue background and 'uk' in blue on a grey background. Below the logo are the words 'TRUSTED COMPLIANT EFFECTIVE' in a smaller, grey font. The main text 'BAU Business As Unusual' is centered, with 'BAU' in large black letters and 'Business As Unusual' below it. The word 'Unusual' is written in red, with a red arrow pointing to the 'U'.

7



8

Anglia Vehicle Logistics

- Fully fledged Transport Company
- Fleet of Single/Double Car Transporters
- Digital Inspect and Collect Service
- Damage recharge collection



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Guardian App

The screenshot displays the Guardian App interface. On the left, there are three 'Vehicle Collection Receipt' forms. The main screen shows a 'Vehicle Inspection' report for a 'Ford Fiesta' with a 'TOTAL £482' in damages. A 'Next' screen shows a 'Privacy Notice' and a 'Customer Signature' field with a handwritten signature.

Damage	Over	Max cost
New Side Front - Dented	£30	£344.79
New Side Front - Dented	£30	£344.79
New Side Front - Dented	£30	£344.79
Crashmark - Dented	£30	£344.79
Locking Wheel Nut Key - Missing	£35	£35
Wheel - Hub/Born	£35	£35
Wheel - Hub/Born	£35	£35
TOTAL	£100	£482

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FCA's Regulation Regime



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Unique Insights

Increased demand for our 'Truck Services'

- No current MOT
- Not roadworthy

Increased level of dispute about costs at point of inspection

- Increase in PCP/Lease for **used** cars
- and no differentiation in the inspection standards applied

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12

Damage Recharge?

- A. Income stream to offset additional losses when customer hands the vehicle back.

or



- B. Enforcement of the agreement due to customer failing to take reasonable care.

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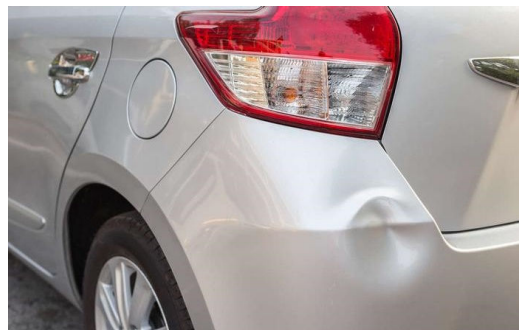
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Damage Recharge

- What is the mechanism that allows the Lender to legitimately make these charges?



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LOOK AT McDONALD'S VALUE
(all prices exclusive of VAT)

Big Mac = 45p

1974

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15

Consumer Credit Act 1974

legislation.gov.uk delivered by The National Archives

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Title: Year: Number: Type: All Legislation (excluding draft) Search

Advanced Search

Consumer Credit Act 1974

1974 C. 39 Table of Contents

Table of Contents Content More Resources

▶ **Section 100 (4)**

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16

Consumer Credit Act 1974

▶ Section 100 (4)



If the debtor has contravened an obligation to take reasonable care of the goods, the amount arrived at under subsection (1) shall be increased by the sum required to recompense the creditor for that contravention,

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“Reasonable Care”?

▶ BVRLA

“Fair wear and tear occurs when normal usage causes acceptable deterioration to a vehicle.”

“When BVRLA members review deterioration to the vehicle’s condition at the end of a contract or finance agreement, the **age, mileage and use** of the vehicle is taken into account.”

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18

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Consumer Credit Act 1974

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FCA
FINANCIAL CONDUCT AUTHORITY

CONC
Consumer Credit Sourcebook

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21

11 Principles

The principles for businesses

1. Integrity	A firm must conduct its business with integrity.
2. Skill, care and diligence	A firm must conduct its business with due skill, care and diligence.
3. Management and control	A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
4. Financial prudence	A firm must maintain adequate financial resources.
5. Market conduct	A firm must observe proper standards of market conduct.
6. Customers' interests	A firm must pay due regard to the interests of its customers and treat them fairly.
7. Communications with clients	A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
8. Conflicts of interest	A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
9. Customers: relationships of trust	A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.
10. Clients' assets	A firm must arrange adequate protection for clients' assets when it is responsible for them.
11. Relations with regulators	A firm must deal with its regulators in an open and cooperative way, and must disclose to the appropriate regulator appropriately anything relating to the firm of which that regulator would reasonably expect notice.

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22

Principle 6

OF MARKET CONDUCT.

6. Customers' interests A firm must pay due regard to the interests of its customers and treat them fairly.

7. Communications with clients A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

TCF

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23

Treating Customers Fairly

Financial Conduct Authority's

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11 Principles for Business			6 TCF Outcomes	
1	Integrity	A firm must conduct its business with integrity.	1	Customers are confident that they are dealing with a business where the fair treatment of customers is central to the way that they conduct themselves;
2	Skill, care and diligence	A firm must conduct its business with due skill, care and diligence.	2	Services are designed and provided in a manner which take account of the customer's circumstances;
3	Management and control	A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.	3	Customers are provided with clear information and kept informed appropriately;
4	Financial prudence	A firm must maintain adequate financial resources.	4	Customers are provided with all of the facts relevant to their circumstances so that they can make informed decisions;
5	Market conduct	A firm must observe proper standards of market conduct.	5	Products (repossession, debt collection and contract termination collections) are performed in line with the constraints of the original contract so meeting the customer's expectations;
6	Customers' interests	A firm must pay due regard to the interests of its customers and treat them fairly.	6	No reasonable barriers are put in the way of a customer being able to submit a claim or complain about the products or services – either provided by Anglia or our clients.
7	Communications with clients	A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.		
8	Conflicts of interest	A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.		
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24

Treating Customers Fairly

Financial Conduct Authority's
11 Principles for Business 6 TCF Outcomes

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25

Case Study

▶ Meet Jon. . .



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The reality is Irrelevant

The car was returned in mint condition **three weeks ago** but I've just received a letter demanding I pay charges of **£2294.99** due to poor repair.

Clearly they are using this **tactic to make money out of unwary customers**. I will NEVER buy or lease from () again.

Recieved **new bill** last week for £3500!!! (3 years old 41k)
Going through the BVRLA guide now!
Lease companies trying to offset depressed 2nd values me thinks!
Not a happy man.

most of the cars are sent straight to auction and the leasing company dont even see them **its just a nice little earner for them i think ()** is one of the worse ones to do this in my experience.

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I haven't time for a fight so I paid them. My company have 4 lease cars, we won't EVER lease another () again following their attitude. I make it my point to tell every businessman I meet my story, so far 2 business people (in 2 months) I associate with have NOT leased (). **Its now a sport to me, this will cost them more than £650 in lost orders they stung me for.**

I have been doing some investigating and have turned up a lot of tales of woe at the moment. A lot of lease companies that priced their leases 2 or 3 years ago, now as the leases are ending the cars are worth a lot less than they predicted and guaranteed. **In desperation to avoid a loss many are excessively scrutinising cars and applying outrageous charges on the owner as an alternative form of 'income' I have found many people in this fight.**

Times are tough and it looks like () are succumbing to dumb down tactics.

() seem to exist to rip off () as possible by charging () in excellent condition and then received a bill for 4,369 6,404 to get this reduced by over £300, and still felt as though I had () have now paid as I don't want the hassle and expense of going legal, but am determined that I will never go near these con-men again and I would advise everyone else to avoid them too.

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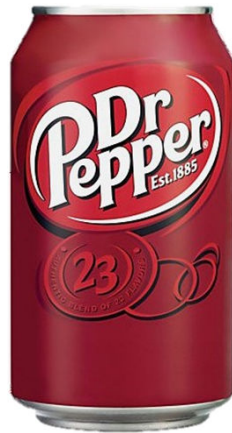
29

So What?

- ▶ Back to Jon. . .
- ▶ What if he wasn't such an easy going fellow? . . .

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30



What's the worst that can happen?

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What's the worst that can happen?

- ➔ Challenged in Court
- ➔ Customer wins – precedent is set
- ➔ Word spreads like wildfire
- ➔ Ambulance chasers escalate their actions
- ➔ Aliens from outer-space invade
- ➔ We are all bombarded with TV/Radio Ads and cold calls for **“Unfair Damage Recharges”**

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32

Have you been hit by unfair and excessive end of contract fees from your car rental company or leasing provider? You're not alone.

Damage Reclaim Car Rental Unfair Return Charges

DAMAGE RECLAIM

Watch later Share

TAKE ACTION NOW

Name *

Last Name

**THE WORLD'S GREATEST
AMBULANCE
CHASER**

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33



FCA
FINANCIAL CONDUCT AUTHORITY

**Unfair
Damage
Recharges**

34

Advice we are discussing with our clients. . .

- ▶ Review Fair Wear and Tear Policy
- ▶ Manage the Collection Agents
 - ◆ Consistent application of the standards
- ▶ Listen to the customers
- ▶ Manage this ourselves – so we avoid further Regulation

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Thank You



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