

The complaint

Ms M complains about charges made by Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance (MBFS) when she returned her hire vehicle.

What happened

Ms M entered into a hire agreement for a new vehicle with MBFS in late 2016. The agreement ran for three years, and the vehicle was returned at the end of the agreement period.

Collection agents BCA collected and inspected the car for MBFS on 28 November 2019. The report notes damage to three alloy wheels which is outside of fair wear and tear and indicates that the charge to Ms M for these items will be £315. It also notes that the V5 registration document is missing and there will be a charge of £25 for this.

Ms M complained to MBFS about the level of the charges applied, she feels these are too high for the damage that's present and she could have the damage repaired for a reduced sum. Ms M also complained about being charged for the V5 document, as she never received one.

MBFS responded to Ms M's complaint to say that the damage charges would not be reviewed as the damage falls outside of the MBFS vehicle return standards, which are included at the start of the agreement and sent again six months prior to the end of the hire period. MBFS agreed to remove the charge for the missing V5 document as it wasn't supplied to Ms M under the hire agreement.

Ms M remained unhappy with the response from MBFS. She says she never received a copy of the vehicle return standards, either at the start of the agreement or six months before the end of the hire period, so she wasn't able to decide whether to get the damage repaired before handing the car back. When MBFS didn't change their position, Ms M brought her complaint to this service.

Our investigator looked into things for Ms M. He felt that the photos showed the damage to the wheels, and as the return standards formed part of Ms M's agreement MBFS had applied the charges fairly. He also felt those charges weren't excessive, and so didn't uphold the complaint.

Ms M didn't agree with our investigators view. She thinks the charges are excessive and she wasn't given a chance to have the damage repaired at a lower cost before handing the car back. So, the case has been passed to me for a 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.

Ms M signed a hire agreement in late 2016. The terms of the agreement set out that the vehicle must be returned at the end of the agreement in line with the vehicle return standards. The agreement goes on to set out those standards in full. So, I'm satisfied that the vehicle return standards were brought to Ms M's attention, and that she was able to review them prior to signing the agreement and agreeing to them.

Ms M has said in her response to our investigator that she has had several lease vehicles and been provided with the British Vehicle Renting and Leasing Association (BVRLA) guidelines for fair wear and tear. So, I'm satisfied that Ms M is familiar with the process of returning a leased vehicle, and that charges may be made where damage is outside of fair wear and tear.

It's clear from the agreement that Ms M was responsible for returning the car in good condition, but the question is whether the charges applied by MBFS are fair and reasonable.

I've had regard to the MBFS vehicle return standards, and the BVRLA fair wear and tear guidelines in deciding what it is fair for MBFS to charge on return of the car.

MBFS are charging Ms M for the following damage:

Left Hand Front Wheel	2-4mm deep over 20% of rim or on the spoke	£115
Left Hand Rear Wheel	2-4mm deep over 20% of rim or on the spoke	£115
Right Hand Front Wheel	Under 2mm deep over 20% of rim or on the spoke	£85

The hire agreement says that any scuff chip or scratch under 25mm is acceptable. The BVRLA fair wear and tear guidelines say that scuffs up to 50mm on the total circumference of the alloy wheel is acceptable.

I've reviewed the photos provided by MBFS of the damage to the three wheels, and I'm satisfied that they clearly show scuffs to the alloys over 50mm. so I'm satisfied that the decision to charge for these is fair and reasonable both under the terms of the hire agreement and the BVRLA guidelines.

Ms M is unhappy with the level of the charges that have been applied and says that she could have repaired them locally herself for about £65 per wheel. Our investigator didn't think the charges were excessive and so didn't consider them further.

I've looked into the damage charges, and I can see that the costs are included on a charging matrix on MBFS's website. So, I'm satisfied that Ms M could have reviewed these and decided whether to have the damage repaired instead of incurring end of contract charges.

I've looked at the charging structures for other manufacturers, and the charges applied by MBFS are higher than others. I have the power to require businesses to act in relation to an individual where something has gone wrong, but not to order a business to change its practices more generally. So, I can't say what MBFS should charge for damage when hire vehicles are returned, but I can look at whether they have applied those charges fairly in this particular case. I am satisfied that MBFS's charging structure is the same for all consumers at the end of the hire agreement, so I don't think it's been applied unfairly in this case.

I've thought about whether the charges are excessive. I appreciate that Ms M may have been able to take her vehicle to a local garage and have it repaired at a lower cost, but that doesn't mean that MBFS's charges are unfair. I've taken into consideration that charges do

differ between manufacturers. I've also consulted quotation websites, and these have returned an average cost of £300 to repair three alloys on the same make and model as Ms M's vehicle. All things considered, I'm not persuaded that the £315 charge applied by MBFS is excessive in the circumstances.

Ms M has said that she should have been provided with the vehicle return standards again six months prior to the end of the hire period, but she wasn't. MBFS have also indicated that it's their standard practice to provide another copy of the standards at this point, but they haven't provided any evidence that they did so in this case.

I've thought about whether it's pivotal to Ms M's complaint if the standards were resent to her at the end of the hire agreement, but I don't think it is. I say this because I'm satisfied that the standards formed part of the agreement, and that Ms M was aware of them when she signed it. Ms M was also aware of the process for returning a leased vehicle, and of the BVRLA guidelines. So, whether or not Ms M received a second copy of the standards wouldn't affect my decision.

Ms M has said that she returned the vehicle with fewer miles than is permitted under the agreement, and so MBFS will benefit from the car having a higher value because of this. I don't think this affects the damage charges that apply under the contract. The return standards and fair wear and tear guidelines are separate to any permitted mileage and, in any event, the agreement doesn't contain a provision to give any benefit to Ms M if the vehicle isn't driven the full annual mileage limit.

My final decision

For the reasons that I've explained, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 11 March 2021.

Zoe Launder
Ombudsman