

The complaint

Mr Y complains that Mercedes-Benz Financial Services UK Limited (MBFS) wrongly charged him for damage and other matters when he returned a car at the end of a hire purchase agreement. He also complains about the way an inspection of the car was handled.

What happened

In December 2016 Mr Y took a car on a three-year hire purchase agreement from MBFS. The agreement required Mr Y to return the car in good condition. It also said that Mr Y would have to pay excess mileage over 8,000 miles a year or 24,000 miles in total.

Shortly before the agreement came to an end, MBFS arranged for an inspection to be carried out by British Car Auctions (BCA) at Mr Y's home. The BCA inspector noted some areas where he said he had noticed damage, which he mentioned to Mr Y. Following a disagreement, the inspection was not completed at that time and had to be finished after the car had been returned.

When the inspection was completed, the report prepared as a result recorded a number of issues. In summary, these were:

- damage to wheels;
- damage to one tyre;
- a scratch to the front bumper;
- an insecure bumper grill;
- dents to two doors and rear bumper;
- a scratch to a door;
- missing registration documents;
- excess mileage; and
- dirty exterior.

MBFS sent Mr Y an invoice for nearly £2,500, including over £600 for excess mileage. Mr Y did not believe he had been treated fairly and referred the case to this service.

One of our investigators considered the complaint but indicated initially that he thought MBFS had treated Mr Y fairly. He considered all the available evidence about the damage that had been listed and compared that evidence with both published British Vehicle Rental and Leasing Association (BVLRA) guidelines and MBFS's own return standards. The investigator noted that this service generally applies BVLRA guidelines, which tend to be less onerous on customers.

He concluded that the images of the car demonstrated the damage that had been described in the report and for which MBFS had added charges.

The investigator was also satisfied that the excess mileage charge had been fairly applied in

line with the hire purchase agreement.

Having initially said that MBFS was entitled to charge Mr Y for cleaning the car and for missing documents, the investigator revised his view on those items. MBFS had not in fact charged for a missing registration document, and the investigator accepted too that the car had not been unreasonably dirty when it was returned; MBFS agreed to waive that part of the charge. Mr Y did not however feel that this concession was enough and asked that an ombudsman review the case.

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 shall deal first with the inspection of the car carried out, but not completed, at Mr Y's home. Mr Y supplied some camera footage of the visit, but it seems that discussions were already quite heated by the time it starts. It shows that the inspector did not feel able to complete his inspection and that he left without doing so, leaving the car's key on its roof. Mr Y followed him along the street, continuing to film. I don't believe however that anything in that footage shows the inspector acting unreasonably or in a discriminatory manner towards Mr S. In the circumstances, I do not believe that I can fairly conclude that Mr S was treated unfairly.

As far as the damage to the car is concerned, I have little to add to what the investigator said. He considered carefully the damage described and the evidence of it, before comparing it against the relevant guidelines. Like the adjudicator, I'm satisfied that MBFS was within its rights to levy charges for damage in the way it did.

Mr Y says he returned the car's V5 registration document. MBFS says he did not, but it seems that he may have returned the wrong part to the DVLA. However, MBFS has not charged for this, so I make no further comment.

The car's odometer reading on return was over 32,700 miles, against an allowance of 24,000 over the hire purchase agreement. Under the hire purchase agreement, excess mileage was due at 6p per mile plus VAT. I'm satisfied that MBFS made this charge in line with the agreement.

MBFS was entitled to charge for cleaning the car if it was so dirty that a proper inspection could not be carried out. Mr Y submitted evidence of the car's condition when he returned it. The pictures are not clear enough to show whether the car was spotless, but it was certainly clean enough that an inspection for damage could be made.

Putting things right

In the circumstances, I think a fair resolution in this case would be for MBFS to remove the cleaning fee from the additional charges it made on the return of the car – as I note it has already offered to do. I do not however propose to require it do any more to resolve Mr Y's complaint.

My final decision

For these reasons my final decision is that Mercedes-Benz Financial Services UK Limited should remove any cleaning charges from any final invoice submitted to Mr Y and, to the extent he has already paid them, reimburse any such cleaning charges.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 21 June 2021.

Mike Ingram

Ombudsman