

The complaint

Miss T complains that Mercedes-Benz Financial Services UK Limited applied unfair end of contract charges for damage to the vehicle she'd acquired on a finance agreement it supplied. She wants the charges to be cancelled.

What happened

Miss T tells us that she returned the vehicle to MBFS in early August 2019 at the end of her hire purchase agreement. She says there were slight scratches on the body and wheel trims but puts these down to wear and tear. She also complains about charges and fines imposed in relation to events occurring after she returned the vehicle.

MBFS said that the inspection appraisal carried out upon the return of the vehicle showed that the alloys were outside its Vehicle Return Standards (VRS) due to the number of scratches and general condition of the vehicle.

I've previously issued two provisional decisions on this complaint. Initially, I said I was minded to uphold it. But following further information, I issued a second provisional decision on 3 March 2021. I said that I'd seen photographs and a video which showed more clearly the damage for which MBFS was applying the charges. And I'd changed my opinion and was now minded not to uphold the complaint.

Miss T replied disagreeing with this and said she felt I'd ignored the information on the initial vehicle appraisal form. I thank Miss T for her reply. But for reasons I'll explain in my final decision, I'm maintaining the opinion I expressed in my second provisional view. Which was that the vehicle was returned with damage beyond wear and tear which was outside the relevant return standards.

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 understand that it would be disappointing to Miss T to be invoiced for unexpected charges after the vehicle had been returned.

It's not in dispute that the regulated finance agreement included the provision for charges to be applied if the vehicle fell below certain standards – allowing for fair wear and tear - upon its return to MBFS. So what I've to determine is if the information now supplied indicates that any damage fell outside those return standards.

When considering fair wear and tear I've taken account of the industry guidelines and what good industry practice required. The relevant guidelines for what is considered fair wear and tear when vehicles are returned at the end of their lease, is provided by the British Vehicle Rental and Leasing Association (BVRLA). I've also considered the VRS which formed part of the finance agreement.

The damage for which MBFS has invoiced Miss T refers to damage to the alloy wheels. The Vehicle Return Standards which MBFS uses formed part of the finance agreement.

The relevant part reads:

Acceptable:

Minor scuffing or damage under 25mm to the vehicle alloy or steel rim edge or wheel face.

Not Acceptable:

- *Cracked or distorted wheel trims.*
- *Scuff chips and scratches exceeding 25mm*

The vehicle inspection process contains two elements. The initial appraisal upon collection is followed (as is stated in the finance agreement) by a further inspection carried out by a trained technician at the nominated Defleet Centre.

The initial appraisal form made reference to numerous scratches and dents. But it didn't allocate any costs.

The Defleet Centre inspection is accompanied by photographs and a video. Our investigator has supplied a link to these items to Miss T.

The video and photographs separately show substantial scuff marks on all four wheels. And these are clearly more than 25mm in width. There's also damage to the spokes on all the alloys. Which is outside the BVRLA and VRS standards.

Given that the scratches and dents to bodywork identified on the initial appraisal form haven't been the subject of additional charges, it appears these were not found by the later inspection to fall outside the return standards. This suggests that the Defleet Centre inspection had due regard to the VRS and BVRLA guidance and only those aspects which fell outside of fair wear and tear were subject of a charge.

Given the visual confirmation provided by the video and the photographs, I find it was fair for MBFS to apply the charges in respect of damage to the alloys. And that in cost terms they were reasonable and within the range I'd expect.

I understand that Miss T has received a fine from DVLA for failing to notify a change of keeper once she had returned the vehicle. And also in respect of a road fund licence offence.

MBFS has indicated it will deal with Miss T's complaint regarding a toll charge - apparently incurred after she returned the vehicle - as a separate complaint. So she may wish to follow up this aspect directly with it.

Regulation 23 of the Road Vehicles (Registration and Licensing) Regulations 2002 requires the registered keeper (Miss T) to inform DVLA of any change in registered keeper. It appears that Miss T did not do so. I can't hold MBFS liable for any fines which have been imposed for not notifying a change of keeper if Miss T didn't make the necessary declaration. Or in respect of any fine relating to the road fund licence which appears to have arisen out of the same failure.

I accept that Miss T will be disappointed with this outcome. But the photographs and video clearly depict the items of damage for which charges were applied.

In summary, I find that MBFS applied charges fairly for damage beyond fair wear and tear. And that it's not responsible for any fines which Miss T incurred relating to the non-notification of the change of keeper.

My final decision

For the reasons given above my final decision is I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 May 2021.

Stephen Ross
Ombudsman