

## **The complaint**

Mrs M complains about the amount that she's been charged by Mercedes-Benz Financial Services UK Limited, trading as Mercedes-Benz Finance, for damage to a car that she returned at the end of her hire purchase agreement.

## **What happened**

A new car was supplied to Mrs M under a hire purchase agreement with Mercedes-Benz Finance that she signed in December 2017. The car was collected from her when the agreement ended in December 2020 by a third party on behalf of Mercedes-Benz Finance. The car was inspected and the inspection report says that a second inspection was required.

The car was inspected again 17 days later and damage was identified and a total charge of £1,048.88 was recommended. Mercedes-Benz Finance charged that amount to Mrs M but she complained to it about the charges. It said that the damage was evident and outside of its vehicle return standards which had been provided to Mrs M at the start of the agreement and six months prior to her lease end date. It said that its prices are benchmarked against industry standard guidelines and would stand up to independent scrutiny.

Mrs M wasn't satisfied with its response so complained to this service. She says that she returned the car in excellent condition and it was inspected by a qualified person who signed it off as not having any damage. She says that the car was then taken away to an unsecure location for a few days before a the second inspection and she doesn't take responsibility for damage that occurred after the car left her.

Our investigator recommended that Mrs M's complaint should be upheld in part. She said that Mercedes-Benz Finance had charged Mrs M for two replacement tyres due to their speed rating but hadn't provided the information about the tyres that she'd requested so she thought that it should remove those charges. She was satisfied that the other charges had been applied as per the relevant guidelines so Mercedes-Benz Finance can fairly charge for it.

Neither Mrs M nor Mercedes-Benz Finance has responded to those recommendations so I've been asked to issue a decision on this complaint.

## **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 agree with the outcome recommended by our investigator for these reasons:

- in the hire purchase agreement that Mrs M had signed she'd agreed that she would pay the reasonable expenses incurred by Mercedes-Benz Finance if she breached the requirements relating to the condition of the car on return and the agreement included the vehicle return standards;

- the vehicle return standards say: *“When it is time to return your vehicle ... you must return the vehicle in line with the Vehicle Return Standards ... When the vehicle is returned to us a Vehicle Return Standard Inspection will be carried out by trained technicians at the nominated Defleet Centre. The vehicle must be: free from any broken or damaged items ...; free from any defects or condition that would be in breach of statutory requirements; free from accident damage; and in good, clean and marketable condition”* – the standards then explain what would be acceptable and unacceptable;
- the car was collected from Mrs M in December 2020 by a third party on behalf of Mercedes-Benz Finance, it inspected the car and a vehicle condition report was completed – the car’s mileage was recorded as 23,140 miles and the report said that it was dark and wet and that a second inspection was required;
- a second inspection took place 17 days later at the third party’s inspection compound and a second vehicle condition report was completed – it recorded the car’s mileage as 23,283 (so 143 miles more than when the car was collected from Mrs M) and the following issues were identified: three damaged wheels (with a refurbishment cost of £110 each), two tyres with an incorrect speed rating (with a replacement cost of £149.22 each) and two scratched bumpers (with a refinishing cost of £210 each);
- the report includes photos and a video of the car which show the damage and I consider that the damage to the wheels and bumpers was unacceptable damage under the vehicle return standards and was more than would reasonably be considered to be fair wear and tear;
- Mrs M says that the car was in excellent condition when it was collected from her, it was inspected by a qualified person who signed it off as not having any damage and that she doesn’t take responsibility for damage that occurred after that;
- the first inspection took place when it was dark and wet and the inspection report said that a second inspection was required – having looked at the photos of the damage I don’t consider it to be unreasonable that the damage wasn’t identified at that time and I consider that it was fair and reasonable for the car to be inspected again;
- Mercedes-Benz Finance has provided an explanation of what happened to the car in the 17 days between the two inspections – and it was driven for 143 miles in that time;
- I don’t consider it to be likely that the damage was caused between the two inspections and I consider it to be more likely than not that the damage was caused during the time that Mrs M had the car and drove 23,140 miles in it;
- the vehicle return standards say that the tyres: *“... must conform to the original specification of the vehicle. It must have matching tyres (of a size and premium brand, approved by the manufacturer) on each axle”*;
- the second inspection report said that two of the tyres had an incorrect speed rating and Mercedes-Benz Finance has been asked to provide further information about the need to replace those two tyres but hasn’t provided that information;
- I’m not persuaded that it’s fair or reasonable for Mercedes-Benz Finance to charge Mrs M for two replacement tyres in these circumstances so I find that it should reduce the amount that it’s charged her by £298.44; and
- other than the charge for replacing the two tyres, I’m not persuaded that there’s enough evidence to show that that Mercedes-Benz Finance has acted incorrectly and I find that it wouldn’t be fair or reasonable in these circumstances for me to require it

make any other reductions to the charges, to pay her any compensation or to take any other action in response to her complaint.

### **Putting things right**

I find that it would be fair and reasonable for Mercedes-Benz Finance to reduce the amount that its charged Mrs M for damage to the car by £298.44 to remove the charge for the two replacement tyres.

### **My final decision**

My decision is that I uphold Mrs M's complaint in part and I order Mercedes-Benz Financial Services UK Limited, trading as Mercedes-Benz Finance, to reduce the amount that its charged Mrs M for damage to the car by £298.44.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 14 March 2022.

Jarrold Hastings

**Ombudsman**