

The complaint

Mrs D is unhappy with the end of contract charges applied by Mercedes-Benz Financial Services UK Limited ('MBFS') following the return of her car.

What happened

On 15 March 2017, Mrs D was supplied with a car through a hire purchase agreement with MBFS. She paid a deposit £7,959.73, and the agreement was for £32,608.47; with 48 monthly payments of £414.81, and a final optional payment of £17,775.00 if she wanted to purchase the car.

When the agreement was coming to an end, Mrs D contacted MBFS's collections agent to arrange to return the car. She had a private number plate, also known as a cherished number plate, on the car, and the agent told her she'd be able to arrange collection before the number plate had been changed over. Mrs D didn't arrange collection of the car on that call but called back the following day to do this. However, on this call, she was told that the number plate would need to be changed over before a collection date could be booked.

Mrs D arranged to change the number plate, and the car was collected on 2 June 2021. After the car was collected, Mrs D was invoiced for £1,889.23 for damage that fell outside of normal wear and tear, and £1,105.60 for additional usage. Mrs D didn't think the additional usage charge was fair, because of the advice she'd been given in her first call to the collection agent. And she complained to MBFS.

MBFS said Mrs D had been given incorrect information, and they gave her £50 as a gesture of goodwill. But they also said Mrs D had been provided with sufficient information explaining that the number plate had to be changed back 12-weeks before the agreement came to an end. And, because Mrs D hadn't done this, they didn't think the incorrect information given by the collection agent had resulted in any additional usage charge.

Mrs D wasn't happy with this response, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said the agreement Mrs D signed told her she needed to change the numberplate over 10 to 12 weeks before the end of the agreement. And MBFS had said they also sent Mrs D documentation about this before the agreement was due to end. So, she thought Mrs D would've been reasonably aware of what she needed to do.

The investigator also said that, although Mrs D had been given incorrect information, this was rectified the following day. So, she didn't think this had any impact as, even if Mrs D been given the correct information in the first call with the collection agent, the number plate would still not have been changed over in time for the end of the agreement.

The investigator thought that, because Mrs D had use of the car for longer than the agreement allowed, she should pay for this. And, given the above, she didn't think MBFS needed to do anything more.

Mrs D didn't agree with the investigator. She said she didn't use the car after the agreement ended, and she hadn't used the car for around a year before this. She thought it was unfair that the investigator referred to the original documents when she'd been given "*misleading information*" – she took the information from the first call with the collection agent to be correct. She feels that she followed the correct process, based on the information she'd been given, and she's asked for an ombudsman to make a final 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.

Having done so, I have reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. Mrs D was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

I've seen a copy of the agreement Mrs D signed on 15 March 2017. This says that, "*if you have a 'cherished' number plate, it is important to place it on retention with the DVLA. The DVLA advise that you should do this at least 10-12 weeks before the end of your agreement ... when you have a new registration number plate please contact [us] so [we] can update the vehicle's details.*"

The agreement also clearly stated that, "*at the end of the hire period, you must return the vehicle to us in accordance with the terms and conditions of this agreement*" and "*if you fail to return the vehicle when required to do so ... additional days hire charges calculated on a pro-rata basis of the monthly payment will be payable by you up until and including the day on which the vehicle is returned to us. You may also be charged a sum equating to the cost of the depreciation in the vehicle.*"

Based on this, I'm satisfied that Mrs D would've been reasonably aware of her obligations under the agreement, and what she could be charged for returning the car after the agreement had ended.

The agreement was due to end on 15 March 2021. MBFS have said they automatically send a letter 120 days before the end of the agreement, reminding customers to arrange retention of their number plate. As 120 days before the end of the agreement fell on a weekend, this letter would've been sent to Mrs D on 16 November 2020. Mrs D has said that, due to problems with her post, she never received this letter.

However, MBFS also sent Mrs D an email on 26 February 2021. While I haven't seen a copy of this email, I understand it provided the same information as the November 2020 letter. But, even if Mrs D didn't receive this email, and didn't receive the November 2020 letter, she was aware that she had a private number plate, and this would need to be changed over. The time taken to deal with such a transfer is determined by the DVLA, who deal with these things, and not MBFS. So, it would be reasonable to expect Mrs D to check with the DVLA as to how long the transfer takes, so as to determine when she'd need to apply for this.

I haven't been provided with copies of the calls Mrs D had with the collection agent, nor have I seen the call notes. But it's not disputed that Mrs D was given incorrect information in the first call, or that she didn't go ahead with arranging the collection on that call but called back the next day to arrange this. At which point she was given the correct information.

The car was eventually collected 80 days after the end of the agreement. And Mrs D was charged for 79 days additional usage, at the rate of £13.99 per day. Had Mrs D been told the correct information on the first call, rather than the following day, it's reasonable to assume the car could've been collected a day earlier. And the additional usage charge would've been £13.99 lower as a result.

Given this, I'm satisfied the £50 MBFS have already paid adequately compensates Mrs D for the financial impact of the car being collected a day later, and for the short period of time she was under the impression that the number plate could be transferred after collection. So, I won't be asking them to increase this.

I also appreciate that Mrs D said she didn't use the car from about a year before the end of the agreement, but she remained in possession of the car. And the car was available for her exclusive use while it was in her possession. Given this, I don't think MBFS have acted unreasonably by charging Mrs D for the time the car was in her possession.

Given the above, and while I appreciate this will come as a disappointment to Mrs D, I won't be asking MBFS to reduce or waive the additional usage charges.

My final decision

For the reasons explained, I don't uphold Mrs D's complaint about Mercedes-Benz Financial Services UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 24 June 2022.

Andrew Burford
Ombudsman