

The complaint

Mrs J complains about the end of contract charges applied by Mercedes-Benz Financial Services UK Limited ("MBFS") following the return of a hire car.

Mrs J has been assisted in her complaint by a representative, however for ease of reference, I will only refer to Mrs J as the hire agreement was in her name.

What happened

In April 2017 Mrs J entered into a four-year hire agreement for a new car. At the end of the agreement Mrs J arranged for the car to be returned. This involved the car being inspected at Mrs J's home by a third-party agent and then being driven back to the agent's depot where it was inspected for a second time. Reports were prepared for each inspection.

Mrs J says that the agent who inspected the car at her home told her that it was in "*mint condition*" save for the damage found to the four alloy wheels. She said the agent also said that MBFS may waive the costs of refurbishing the alloys because of the car's condition and its low mileage.

Mrs J says she was shocked to then receive an end of contract invoice for £1,416.22 from MBFS. This invoice set out that damage had been found not only to the four alloys but also to the front bumper, the left-hand and right-hand doors, a rear lamp, the left-hand quarter panel, and a cut to a tyre.

Mrs J complained to MBFS about the end of contract charges. MBFS said that it had reviewed the evidence as to the damage that had been found to the car. It provided Mrs J with the link to the report and video taken at the first inspection and also to the report and photos taken at the second. It said that all cars on return were subject to two inspections and although it accepted no charges had been raised at the first inspection, the report had noted by each item "*to be advised*". The second report had identified damage and the charges were in line with the pricing matrix and the Vehicle Return Standard ("VRS"). The VRS had been provided both at the start of the agreement and also six months before it ended to ensure Mrs J was familiar with the fair wear and tear expectations when returning the car to MBFS.

MBFS said having reviewed the evidence it was partially upholding Mrs J complaint as it accepted that the damage recorded on the two doors was within fair wear and tear. It also said the charge for damage to the quarter panel was to be reduced as it did not require re-painting. MBFS said the end of contract invoice now stood at £1,121.22.

Mrs J disagreed with MBFS's view and complained to this service. She said other than the alloys the car had been in good condition. She said she thought the other damage found on the car could have occurred once it had been collected from her home.

Our investigator recommended Mrs J's complaint was partially upheld. She said she was satisfied that it was more likely than not that the damage to the car occurred while in Mrs J's possession. She said Mrs J had been using the car for four years while the gap between the

two inspections had been under three days.

Our investigator said that on reviewing the evidence she thought the damage to the four alloys, the tyre, the front bumper, and quarter panel were all beyond fair wear and tear and therefore were chargeable. However, she said the evidence was unclear as to any damage to the left-hand rear lamp and she thought it would be fair for that amount to be removed from the invoice leaving £889.22 for Mrs J to pay.

Mrs J disagreed with our investigator's view. She says that although she accepts liability for the damage to the four wheels and the tyre, she didn't accept the remaining items. Mrs J says she believes this damage occurred after the car was collected from her.

MBFS says that it agrees to the removal of the charge for the left-hand rear lamp from the invoice.

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.

The hire agreement entered into by Mrs J sets out that when the car is returned it should be in a good condition and meet MBFS's vehicle return standards. If the car doesn't meet the standards, then under the agreement's terms and conditions Mrs J will be responsible for paying the costs of either repairing/ refurbishing the car or the consequent reduction in the sale value.

Mrs J has always accepted that the four alloy wheels were damaged and that there would be a charge for those. She has also accepted that there was a cut in one of the tyres and agrees the charge for that item. Looking at the evidence provided as to the damage found to the alloys and tyre, I agree that this is beyond fair wear and tear. So, I think it's reasonable that Mrs J has accepted liability for end of contract charges amounting to £589.22. However, in respect of any damage to the bumper, quarter panel and rear lamp, Mrs J says that she thinks this happened after she had handed the car over to the agent and so isn't her responsibility.

I appreciate that Mrs J feels she was given assurances by the agent that collected the car that it was in excellent condition, but I also have to consider the evidence that has been provided from the two inspections. Although there was a video taken of the car when it was collected from Mrs J, I don't think that shows the condition of the car as clearly as the subsequent photos taken during the second inspection.

Where evidence is missing or contradictory then I need to consider what I think is the most likely thing to have happened. Here, I do have to take into account that Mrs J had the use of this car for four years whereas the gap between the two inspections was less than three days. Further, when looking at the damage to the front bumper I don't think the scratches appear to be new. I appreciate it's hard to judge the age of the dent to the quarter panel but when considering that the car had incurred damage to its four alloys, one tyre and the front bumper then I think it's reasonable to conclude overall that the damage found was more likely than not to have happened while the car was in Mrs J's possession.

As I am satisfied the damage found on the car occurred while it was with Mrs J, I next need to consider whether it is beyond what would be expected by fair wear and tear. To assist me I have referred not only to the VRS set out by MBFS but also the British Vehicle Rental and Leasing Association ("BVRLA") Guidelines. These guidelines set out the industry standards as to what is and is not considered to be fair wear and tear when returning a car after a first

credit agreement has ended.

Looking at the damage to the front bumper, BVRLA guidance says *"Surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided, they can be polished out. A maximum of four surface scratches on one panel is acceptable."*

From the photo supplied I can clearly see a number of scratches outside of the tolerance of 25mm. I am satisfied that this damage is chargeable to Mrs J. The damage cost is £210.

Looking next at the left-hand rear quarter panel, BVRLA guidance say, *"Dents of 15mm or less in diameter are acceptable provided there are no more than 2 per panel and the paint surface is not broken"*. From the photo supplied I can see a dent on the panel, and I am satisfied this damage is chargeable to Mrs J. The damage cost is £90.

Looking at the left-hand rear lamp, I am unable to see a crack though there appears to be scratches. MBFS has accepted our investigator's view that the cost of this damage should be removed from the end of contract charges. And I agree that this is fair so the amount of £232 is to be removed from the outstanding invoice of £1,121.22.

So, although I appreciate this will be of disappointment to Mrs J, I'm not reducing the outstanding end of contract invoice by more than the cost of the rear lamp. I find on the evidence before me that Mrs J is liable for the following charges:

- Damage to the four alloys total £440
- Damage to the tyre £149.22
- Damage to the front bumper £210
- Damage to left-hand rear quarter £90

This makes a total of £889.22.

So, for the reasons given I'm partially upholding Mrs J's complaint.

Putting things right

I'm asking MBFS to reduce the end of contract charges invoice for Mrs J from £1,184.22 to £889.22.

My final decision

For the reasons set out above I'm asking Mercedes-Benz Financial Services UK Limited to reduce the end of contract charges invoice for Mrs J from £1,184.22 to £899.22.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 30 March 2022.

Jocelyn Griffith
Ombudsman