

The complaint

Mr M complains about end of contract charges when his agreement with Mercedes-Benz Financial Services UK Limited.

What happened

In April 2019 Mr M was supplied with a car and entered into a contract hire agreement with MBFS. At the end of the agreement the car was inspected and collected, following which MBFS asked Mr M to pay damage charges.

Mr M disputed the charges. He said that when the car was inspected the first time, no charges were made, but following the second inspection at which he wasn't present, charges were applied.

In response to Mr M's complaint, MBFS reduced some of the charges but said the remainder had been applied correctly.

Mr M remained unhappy and brought his complaint to this service.

Our investigator partially upheld the complaint. She said she didn't think the charges for the LHR alloy and RHF alloy were fair, because the damage was less than 50mm. The investigator thought the rest of the damage charges had been applied fairly.

MBFS didn't agree. It said the charges for the LHR alloy were fair because the damage exceeded what was acceptable under the relevant guidelines.

Our investigator reviewed further images provided by MBFS and changed her mind about the LHR alloy and concluded that it was chargeable damage. She said the damage charges for the RHF alloy should be refunded.

Mr M didn't agree so I've been asked 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.

The terms and conditions of the agreement say that Mr M must return the car in good condition and that any damage which exceeds fair wear and tear is the customers responsibility.

Fair wear and tear guidelines have been issued by the BVLRA and these are accepted as an industry standard in determining whether damage exceeds fair wear and tear. I've also had regard to MBFS's vehicle returns standards, which set out what is considered acceptable wear and tear.

I've looked at the inspection report, including the photos. This identifies damage to the alloy wheels, the left-hand front tyre, the front bumper, the left-hand rear door and the right-hand

front door. Looking at the damage identified, and having regard to the relevant guidelines, I'm satisfied that the majority of the damage exceeds acceptable wear and tear. This is with the exception of the damage to the RHF alloy, which appears to be less than 50mm and therefore within acceptable wear and tear according to the relevant guidelines.

I've taken into account what Mr M has said about the first inspection. He's said that although some damage was identified to the front wheels and rear bumper at the first inspection, charges weren't applied, and he believes the damage was within acceptable wear and tear. Mr M has said that there wasn't any damage to the rear doors when the car was first inspected, and he believes that the damage occurred in between the first and second inspections.

I've already said that I'm satisfied that the damage to the alloys (with the exception of the RHF wheel) and the bumper is outside of acceptable wear and tear. In relation to when the damage occurred, MBFS has said that its collection partner is under an obligation to report any damage which occurs after the car is collected, and that in this case, no damage was reported. Taking everything into consideration, I think it's more likely that the damage occurred during the time that Mr M had the car, rather than in the three days between the first and second inspections.

Mr M has also raised an issue about the second inspection, at which he wasn't present. I can see that when MBFS sent the booking confirmation for the first inspection to Mr M, it advised him that after collection, the car would go through a second inspection at the MBFS de-fleet centre. Based on what I've seen, I'm satisfied that Mr M was made aware that a second inspection would take place.

Putting things right

For the reasons I've given, I partially uphold the complaint. To put things right, MBFS should refund the charges for the RHF alloy.

My final decision

My final decision is that I partially uphold the complaint. Mercedes-Benz Financial Services UK Limited must refund the charge for the damage to the RHF alloy. The remainder of the charges have been fairly applied.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 April 2022.

Emma Davy
Ombudsman