

The complaint

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

What happened

In October 2019 Mr C was supplied with a car and entered into a contract hire agreement with MBFS. The contract reached maturity in October 2021.

The car was collected in October 2021 by agents for MBFS, who carried out an inspection. A second inspection was carried out 6 days later at MBS's de fleet centre. Following this, MBFS invoiced Mr C for damage charges.

Mr C disputed the charges. He said the damage wasn't present when the car was collected. He was also unhappy that four tyres had been found to require replacement because he'd replaced the tyres shortly before the car was returned.

In response, MBFS said the damage charges had been correctly applied.

Mr C remained unhappy and brought his complaint to this service. He wants MBFS to cancel the charges for the damage found on the second inspection.

Our investigator partially upheld the complaint. She said that MBFS hadn't acted unfairly by arranging a second inspection but found that some of the damage hadn't been charged correctly because it was within acceptable wear and tear.

Mr C didn't agree. He said the damage to the front of the car wasn't present when the car was collected and that he didn't accept the charges for this damage.

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 C 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.

Mr C has said he doesn't think it's fair that he's been charged for damage which wasn't identified at the first inspection. He thinks the damage occurred after the car was collected.

I've looked at the BVLRA guidelines. These say that a leasing company can make an initial assessment of damage at the first inspection and can make final assessment of damage

following the second more detailed inspection. Mr C's hire agreement says that when the car is returned to MBFS, it will carry out a vehicle returns standards inspection at its defleet centre.

I appreciate that Mr C feels that because the first inspection took place during the day, all of the damage on the car should have been identified and noted. However, I think its clear from the agreement that there was always going to be a second inspection at the defleet centre. The collection inspection is a short inspection to assess any obvious damage and to make sure the car is roadworthy. In this case, the collection inspection notes that a second inspection will be necessary. Following the second inspection, MBFS invoiced Mr C for damage within the required 28 day timescale. Taking everything into consideration, I'm unable to say that MBFS did anything wrong or acted unfairly by arranging a second inspection.

Mr C has said that he doesn't think all of the damage was present when the car was collected. He says the damage to the front of the car can't be seen on the photos from the first inspection.

I've looked at the photos from both inspections. These aren't conclusive, because the pictures from the first inspection aren't of the same quality. I've taken on board what Mr C has said. But I haven't seen any evidence to indicate that the damage was caused post collection. MBFS has confirmed that the collection agents are obliged to report any in transit damage and that in this case, no damage was reported. Looking at the photos of the damage, I can't be certain whether this is "new" damage or not. Even if it was, that's not to say that it couldn't have occurred before the car was collected. On balance and given that the car was in Mr C's possession for around 2 years, and in the collection agents possession for around 6 days, I think its more likely that the damage occurred whilst the car was in Mr C's possession.

I've considered whether the charges for damage have been correctly applied. I agree with the investigator that the charges for damage to the left hand door, left hand rear quarter panel and right hand rear quarter panel haven't been charged correctly, as the damage doesn't go beyond acceptable wear and tear in accordance with the guidelines. So, I'm asking MBFS to remove £385 of the charges. I'm satisfied that the remainder of the damage has been charged correctly.

Putting things right

To put things right, MBFS must refund £385 of the charges.

My final decision

For the reasons I've given, I'm partially upholding the complaint. Mercedes Benz Financial Services UK Limited must refund £385 of charges. The remainder of the charges are Mr C's responsibility.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 July 2022.

Emma Davy
Ombudsman