

## The complaint

Miss T is unhappy with the damage charges Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance ("MBFS") applied when she handed back a car she'd acquired under a hire agreement.

## What happened

In March 2017, Miss T entered into a hire agreement with MBFS to acquire a new car. Miss T returned the car at the end of the agreement in April 2021, to a car dealership. The car was then appraised by the dealership and an appraisal document was given to Miss T – this document noted the condition the car was returned in and reviewed each item of the car. Miss T wasn't charged for any damage to the car at this point.

Around a month later, MBFS arranged for an inspection to be carried out by an agent I'll refer to as "B". After this, Miss T says she received a letter from MBFS charging her a total of £1,180.40 for damage to the car. Miss T disputes this as she says she was advised by the dealership that the car was in an immaculate condition and that this was further corroborated by no damage being present in the appraisal document the dealership provided her with. Miss T says she doesn't know where the car was left after it was returned and believes the damage was done after she'd dropped the car off. Miss T wants MBFS to remove the charges and to stop pursuing her for the amount.

MBFS looked into Miss T's concerns and said the charges had been applied in line with their 'Vehicle Return Standards' (VRS). However, after looking into things again, they agreed to remove a £30 charge for the damage to the left-hand door mirror housing as MBFS said the image provided in the inspection report didn't support the charge raised. MBFS also said B have confirmed that no damage had been recorded during the transit of Miss T's car.

Our Investigator looked into Mrs V's concerns. Our Investigator said from looking at the appraisal document, it appears that each part of the car was inspected. The appraisal document noted "*4 x refurb*s" when referring to the alloy wheels – which indicated potential damage to the wheels. Our Investigator said she considered the other damage noted in B's inspection report to be prominent enough that she didn't think it would have gone unnoticed when the car was dropped off and appraised by the dealership just one month prior. She noticed there was a mileage difference between when the car was dropped off and appraised on 16 April 2021 to when B's inspection took place on 19 May 2021 which MBFS didn't provide an explanation for. So, our Investigator felt the mileage discrepancy could have indicated the car was driven in between the time it was dropped off by Miss T to the full inspection being carried out.

Overall, our Investigator felt it wasn't fair for MBFS to charge Miss T for all the damage – she said it was fair for them to charge Miss T for damage to three of the alloy wheels as she felt these fell outside the British Vehicle Rental and Leasing Association (BVRLA) guidelines. Therefore, our Investigator said Miss T should only be charged £330 for the damage, rather than £1,180.40.

MBFS agreed with our Investigator's opinion. However, Miss T said she feels MBFS haven't been very honest in the way they've acted. And that if she was told to expect charges when she dropped the car off at the dealership, then she would have accepted the charges. Instead, Miss T says she was told that the car was in immaculate condition. Miss T also acknowledged the alloy wheels did have some damage but that this was consistent with a car that was four years old and within MBFS' VRS. So, the complaint has been passed to me to decide.

### 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.

I've looked at the terms and conditions of Miss T's hire agreement and these explain that when it's time to return her car, whether it's at the end of the period of hire or earlier, she must return it in line with MBFS' VRS.

As well as MBFS' VRS, the BVRLA have produced industry guidance to help determine what a finance company can charge for when a car is returned. Following the removal of the £30 charge for the damage to the left-hand door mirror housing, MBFS charged Miss T for these items of damage (taken from the inspection report):

1.	Bumper front	Scratched over 50mm	£210
2.	Bumper rear	Dented 50mm to 100mm	£260
3.	Quarter panel left hand rear	Dented greater than 100mm	£260
4.	Tyre left hand rear	Gouge	£120.40
5.	Left hand front, right hand front and right-hand rear wheel	Rim damage over 50mm	£330 (in total for all three alloy wheels)

I've looked at both the appraisal document supplied by the dealership and the photos provided in B's inspection report.

From looking at the appraisal document, I can see parts of Miss T's car was inspected by the dealership. The document doesn't make note of the same damage as what was in B's inspection report. The only reference to damage noted is "4x refurb" when the alloy wheels were inspected. There's a question on the document which says, "Any issues?" and I can see a handwritten note under this question which says "no, nice car." This note is made again on another part of the document – which I think corroborates what Miss T has said she was told by the dealership that the car was in a good condition at the time the initial appraisal was done on the car.

I've looked at the photos of the damage in the inspection report and I don't think it's fair for MBFS to charge for items 1, 2, 3 and 4 from the table above. I say this because having looked at these damages in the photos, I agree with our Investigator that I think *some* of these damages would have been prominent when Miss T's car was appraised by the dealership. Therefore, I think it's reasonable to believe if these damages were present when Miss T dropped her car off, that they would have been noted in the appraisal document – just like there was reference made to the alloy wheels. The reason I say *some* of the damage, as MBFS have said there's a dent greater than 100mm in item 3. However, I don't think the size of this item is clearly visible in the photos provided in the inspection report. So, I don't think it was fair for MBFS to charge for this item in any case.

I can also see the mileage of the car noted down on the appraisal document was 25,743. And the inspection report from 19 May 2021 shows the mileage was 25,916. MBFS haven't

provided an explanation for this, but I think it's reasonable to suggest the car was driven between the time it was dropped off by Miss T and the inspection was carried out. Therefore, I think there's a possibility these damages could have been caused during the time Miss T didn't have the car.

This leaves me to make a finding on item 5 from the table above – rim damage to three of the wheels. I note Miss T acknowledges that there was some damage to the alloy wheels but that this was consistent with the car being four years old at the point it was inspected by B. I appreciate Miss T's point, and even though I'll take into account the BVRLA guidance and MBFS' VRS, I'll also take into account what's fair and reasonable for a car of this age and mileage, as well as the agreements' terms and conditions. The VRS doesn't allow for damage over 25mm to the alloy wheel. And the BVRLA guidance doesn't allow for scuffs over 50mm on the total circumference of the alloy wheel. Having looked at the photos on the inspection report, I think the damage to the three alloy wheels is more than what the VRS and BVRLA guidance allows for. Even if I was to give more of an allowance given the car was around four years old at the point of inspection, I think the damage caused to the wheels still falls outside of fair wear and tear. Therefore, I think it's fair for MBFS to charge £330 for the damage to the three wheels.

### **Putting things right**

Having carefully considered everything, I think MBFS should remove the charges for the following items:

1. Bumper front - £210
2. Bumper rear - £260
3. Quarter panel left hand rear - £260
4. Tyre left hand rear - £120.40

So, this leaves Miss T responsible for paying £330 for the damage caused to the three alloy wheels.

### **My final decision**

For reasons explained above, I uphold this complaint and I require Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance to carry out the actions as set out under the "Putting things right" section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 31 May 2022.

Leanne McEvoy  
**Ombudsman**