

## The complaint

Miss N is complaining about the end of contract charges made by Mercedes-Benz Financial Services Limited ("MBFS") when she returned her hire car at the end of its contract.

## What happened

Miss N entered into a hire agreement with MBFS in June 2017 for a new car. When the agreement came to an end in 2021, the car was collected. There were excess mileage charges, and also damage/missing items charges which totalled £2296.78. Miss N accepted the excess mileage charges but disputed the other end of contract charges and complained to the business. She said that at the initial inspection when the car was collected, no damage or charges were highlighted, but then when a secondary inspection was carried out off site, a list of charges were applied which she didn't agree with.

MBFS responded in September 2021, and did not uphold the complaint, saying that all the charges had been raised correctly and remained payable. At this stage, there were 16 items listed as damaged outside of fair wear and tear guidelines or missing. Unhappy with this response, Miss N brought her complaint to our service.

The investigator here queried one of the charges which was for a console with MBFS, and MBFS confirmed that this had been charged incorrectly. They agreed to reduce this charge down from £597 to £245.07. The investigator then went through the items being charged for line by line and gave their view that 4 of the items were not evidenced as being outside of fair wear and tear guidelines and should be removed from the invoice. They felt the other 12 items were evidenced as being damaged outside of fair wear and tear guidelines (or were missing) and were chargeable. One of these items was the console which should have the reduced price attached to it.

This left the following items being charged for:

Left hand front wheel rim damaged.	- £110
Bumper chrome moulding scratched (right hand front)	- £50.30
Centre Console front cracked	- £245.07
Compressor missing	- £130
Tyre sealant missing	- £60
Spare key missing	- £260
Door aperture right hand seal front torn	- £48.48
Left hand front door dented	- £90
Left hand rear door dented	- £90

Facia trim scratched	- £251
Quarter panel trim upper left hand scratched	- £129
Tailgate scratched	- £210

This would reduce the part of the end of contract charges for damages/missing items to a total of £1673.85.

MBFS accepted this view, but Miss N wasn't happy. She feels that the car was handed back with acceptable wear and tear and the charges are unfair. She reconfirmed that she had paid for upgraded alloy wheels but hadn't asked for these to be removed when giving the car back, so shouldn't be charged for damage to the alloy wheel rims.

She said she had to use the compressor and tyre sealant when she had a puncture and these items were not listed in the vehicle return standards so shouldn't need to be replaced. She said that she thought the crack in the console was part of the design and would have complained when she obtained the car if she knew it was cracked.

Previously, she had told us that neither the bumper moulding nor the tailgate was scratched while in her care, nor were the doors dented. She is concerned at the time between the collection of the car when it was initially inspected, and the delay until the off-site inspection was carried out. She feels damage must have occurred while the car was out of her possession.

She had also previously told us that she felt the door aperture damage was normal wear and tear, and the facia and trim damage was initially logged as £0, so she doesn't accept the prices now quoted.

Unhappy with the view given, she asked for an Ombudsman to review the case.

### **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.

Because MBFS accepted that they should remove the charges that the investigator suggested should be removed, I won't focus on those in my comments. Both parties have now agreed these items shouldn't be charged for. MBFS also provided a new invoice to Miss N after this view was accepted by them in February 2022. This means that the following four items of damage initially charged for should be removed from the original invoice:

right hand front wheel rim £110

right hand rear wheel rim £110

insecure right hand door lock £16

front right hand wing dent £35

Alongside this, the charge for the damaged console was reduced to £245.07, as discussed above.

I've reviewed the 4 items and agree with the initial assessments made by the investigator and accepted by all parties.

I'll move on to deal with the over-arching issues first, before commenting on the specific damage/missing item charges remaining.

Miss N has concerns that some of the damage occurred after the car was collected and before it had its second inspection. The car was collected on 21 June 2021. MBFS have said it was taken straight to the compound to be inspected, and the second inspection was carried out on 24 June 2021, so three days later. The photograph of the odometer on the collection report from 21 June shows the mileage at collection was 48,566 miles.

The inspection report from 24 June includes a photo of the odometer showing the mileage as 48,579. So, the car had travelled a further 13 miles before the second inspection. I don't view three days before a second inspection to be a lengthy delay or a concern, as it wouldn't always be possible to inspect a car the same day it is returned. The car had only travelled 13 miles whilst out of Miss N's care, so I think it's unlikely that the damage was caused in those 13 miles or three days in storage. It is more likely that any damage had occurred while the car was in Miss N's possession, during the previous four years and around 48,000 miles covered.

Miss N also feels that because she wasn't told about any damage or charges at the initial inspection, it's unfair that the second inspection which was done whilst she wasn't present, has listed so many charges. Whilst I can empathise with her, this is standard practice to have a full inspection off-site after the car has been collected, and MBFS have said this was explained in the details she was provided when the collection was booked.

An initial inspection at a customer's property may sometimes highlight some damage concerns, but it's not uncommon for the full off-site inspection to be needed to decide what is fair wear and tear, and what isn't. As she can see from the photos, this can involve holding up measuring devices or similar and taking photos to evidence whether the damage is within the allowed guidelines, or outside of them.

In this instance for example, it can be seen from the video when the car was collected that it had been raining and the car was wet, which could make it difficult to see scuffs, scratches and dents. Overall, I am not concerned about the second inspection, or the fact it was three days after collection, and the car had travelled 13 miles in this period of time. I haven't seen any evidence that the car was in a different condition when it was collected, to when the inspection was carried out three days later.

I'll now move on to consider the remaining 11 charges listed which are still in dispute. In assessing these, I've considered the evidence and testimony provided by both parties, along with both the Mercedes Vehicle Return Standards (VRS), and the BVRLA industry guidelines for fair wear and tear. These are industry standard guidelines published by the British Vehicle Rental and Leasing Association (BVRLA) which set out what is considered to be fair wear and tear in respect of a hired vehicle. I'll go through the charges one by one:

1. Facia trim scratched. £251. The photos provided from the inspection clearly show a damaged area of fascia. Miss N doesn't feel this charge is fair because the price wasn't listed on the original report carried out. I don't think this is a common issue however, so it makes sense that BCA would flag the damage up, but not necessarily know what the cost to replace this part would be. I am satisfied that it is fair for MBFS to charge for this.
2. Centre Console front – cracked – original charge £597 but corrected by MBFS to £245.07. The photos clearly evidence a crack down the middle of the console, and I'm not persuaded that this would appear to be a design feature and was present from when the car was obtained. It's most likely that this occurred during the 4 years

Miss N had the car, so I am satisfied that it is fair for MBFS to charge for this.

3. Tailgate scratched. £210. The inspection photos show a long scratch on the tailgate of well over the 25mm allowed, so I am satisfied that it is fair for MBFS to charge for this.
4. Quarter panel trim upper left hand scratched. £129. The inspection photos show that the plastic is scratched and appears gouged on this panel. Miss N felt it was unfair that this charge wasn't itemised on the report, but as above, I am satisfied that this isn't a standard part which BCA would necessarily know the cost to repair, so I have no concerns with this. I am satisfied that it is fair for MBFS to charge for this.
5. Compressor Missing. £130. Miss N hasn't disputed that the item was missing, she just feels it wasn't listed in the items which needed to be returned, and they had used it due to having a flat tyre. The VRS say that "*you must return the vehicle together with everything originally supplied with the vehicle*". I think it's reasonable to expect that if the car was supplied with this item, it would need to be returned with the item, so I am satisfied that it is fair for MBFS to charge for this.
6. Tyre Sealant missing. £60. Miss N hasn't disputed that the item was missing, she just feels it wasn't listed in the items which needed to be returned, and they had used it due to having a flat tyre. As above, the VRS say that "*you must return the vehicle together with everything originally supplied with the vehicle*". I think it's reasonable to expect that if the car was supplied with this item, it would need to be returned with the item, so I am satisfied that it is fair for MBFS to charge for this.
7. Wheel left hand front rim damaged. £110. The photos from the inspection show clear scuff and scratches on this wheel. The VRS say that scuffs, chips, and scratches totalling more than 25mm are not acceptable. The BVRLA industry guidelines are more generous, saying that scuffs up to 50mm of the total circumference of the wheel/rim/alloy wheels are acceptable, so I have considered the more generous industry guidelines. But I am still satisfied that the scuffs and damage to this alloy wheel are over 50mm, so still outside of acceptable wear and tear. Miss N feels it is unfair to be charged for damage to the wheels when she had paid for upgraded alloy wheels herself. Unfortunately, the VRS apply to the alloy wheels that the vehicle is returned with, and as this damage is evident, I am satisfied that it is fair for MBFS to charge for this.
8. Door left hand front dented. £90. The photos from the inspection show a dent, and I am satisfied that it falls outside of the VRS of a diameter of 13mm, and the BVRLA guidelines which are slightly more generous allowing a diameter of up to 15mm and up to two dents per door below this size. The dent on the door is larger than 15mm, so I am satisfied that it is fair for MBFS to charge for this.
9. Door left hand rear dented. £90. The photos from the inspection show a dent, and I am satisfied that it falls outside of the VRS of a diameter of 13mm, and the BVRLA guidelines which are slightly more generous allowing a diameter of up to 15mm and up to two dents per door below this size. The dent on the door is larger than 15mm, so I am satisfied that it is fair for MBFS to charge for this.
10. Bumper Chrome moulding right hand front scratched. £50. The photos from the inspection show a large deep scratch well outside of the allowed 25mm size, so I am satisfied that it is fair for Mercedes to charge for this.
11. Door aperture seal right hand front damaged. £48.48. The inspection photos show

that the door seal has a large split in it, and this would fall outside of fair wear and tear under the VRS or BVRLA guidelines, so I am satisfied that it is fair for Mercedes to charge for this.

Miss N hasn't disputed the charges for the missing spare key (which was the 12<sup>th</sup> chargeable item) or for excess mileage, so these also remain payable.

Miss N is unhappy with the scope and the level of charges which have been applied. I've looked into the damage charges, and I can see that the majority of these costs are included on a charging matrix on MBFS's website. So, I'm satisfied that Miss N could have reviewed these and decided whether to have the damage repaired herself instead of incurring end of contract charges.

I've looked at the charging structures for other manufacturers, and the charges applied by MBFS are higher than others. I have the power to require businesses to act in relation to an individual where something has gone wrong, but not to order a business to change its practices more generally. So, I can't say what MBFS should charge for damage when hire vehicles are returned, but I can look at whether they have applied those charges fairly. I am satisfied that MBFS apply the same charges to all consumers at the end of the hire agreement, so I don't think they've been applied unfairly in this case.

I've thought about whether the charges are excessive. I've taken into consideration that charges do differ between manufacturers. I've also consulted quotation websites. All things considered; I'm not persuaded that the charges applied by MBFS for the damage are excessive in the circumstances.

I empathise with Miss N, as she has told us that this was the first car hire agreement she has had and feels these charges are unfair. Unfortunately, the damage or missing items relating to these charges are outside of the guidelines provided to Miss N, and also outside of the industry standard guidelines. MBFS have agreed to remove the four charges detailed above and to reduce the charge for the damaged console. But I won't be asking them to do anymore; I am satisfied that they have evidenced the remaining damage being charged for is outside of fair wear and tear guidelines. And the missing items should have been replaced, and as they weren't, these charges are also fair.

### **Putting things right**

As previously agreed, compared to the original invoice for end of contract charges, MBFS should:

- Reduce the charge for the cracked centre console to £245.07.
- Remove the £110 charge for damage to the right hand front wheel rim.
- Remove the £110 charge for the damage to the right hand rear wheel trim.
- Remove the £16 charge for the front right hand door lock being insecure.
- Remove the £35 charge for the right hand front wing being dented.

### **My final decision**

I am partially upholding this complaint. MBFS should remove/reduce the five charges listed in the above "Putting things right" section, but Miss N remains responsible for the remaining end of contract charges.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 25 April 2022.

Paul Cronin  
**Ombudsman**