

The complaint

Mr J complains that Mercedes-Benz Financial Services UK Limited (MBFS) wrongly charged him for damage to a lease vehicle.

What happened

In January 2020 Mr J entered into a lease agreement with MBFS for a van. He was to pay a little over £350 a month for 36 months.

The lease agreement required Mr J to keep the van in good repair and condition and to return it in line with MBFS's Vehicle Return Standards. It also set out what those standards were and what level of damage would be acceptable as fair wear and tear. If the van did not meet those standards when it was returned, MBFS could seek the cost of repairs or loss in value from Mr J.

In the event, Mr J ended the hire agreement in November 2021, and the van was returned to MBFS. In December 2021 MBFS contacted Mr J to say that the van had been inspected and that various items of damage had been identified. It sent an invoice for nearly £2,800 to cover the costs of repair.

Mr J said that he had not caused any damage and that the van had been in good condition when it had been collected from him. MBFS said that the charges were fair and were based upon a detailed inspection report. Mr J referred the matter to this service.

One of our investigators considered in detail the charges that had been applied against the inspection report, photographs of the alleged damage, the Vehicle Return Standards and the guidelines issued by the British Vehicle Rental and Leasing Association (BVRLA). He also considered photographs which Mr J had taken when the van was collected. Having done so, he concluded that there was damage to the van almost exactly as claimed by MBFS. The one exception was a missing gear knob, in respect of which he recommended that MBFS deduct £28.96.

MBFS accepted the investigator's recommendation, but Mr J did not. He asked that an ombudsman review the complaint.

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.

As I have indicated, the investigator in his preliminary assessment of Mr J's complaint considered in some detail the damage alleged and the standards applied. In doing so, he set out the relevant Vehicle Return Standards as well as the relevant section of the BVRLA guidelines and compared them with the photographic evidence of the damage. I do not intend to go into similar levels of detail in this decision, but I have given careful consideration to all the same matters.

The damage identified in the inspection report and charged for by MBFS falls into the following broad categories:

- Dented front bonnet;
- Scuffed front and rear bumpers;
- Previous repairs – nearside sliding door, offside rear quarter panel;
- Damaged door seals;
- Damage to mirror covers;
- Damage to indicator and light cluster;
- Dented rear door;
- Dented front offside door;
- Missing gear knob.

The investigator recommended that the charge for the final item be removed. Since MBFS agreed to that, I do not need to comment further on it.

As far as the remaining items are concerned, however, I believe that the inspection report, and in particular the photographs included in it, do show the damage alleged by MBFS. I am satisfied too that they show that the damage falls outside the wear and tear allowances in the Vehicle Return Standards and in the BVRLA guidelines.

I must therefore consider whether the damage was present when the van was collected on behalf of MBFS or whether it occurred at some point between collection and inspection.

The damage to the van appears in a number of different areas. That suggests that it has accumulated over a period of time, rather than being the result of a single incident. It includes repairs carried out to a standard which was not satisfactory. The "beauty shots" of the van – that is, photographs of the whole van rather than close-ups of specific areas of damage – appear to show a van in good condition. These matters lead me to believe that the damage described was probably present when the van was collected. I think that is more likely than that it was caused after collection but before inspection. In saying that, I have in mind that the inspection took place later than Mr J had been led to believe would be the case.

I have considered too the level of charges. They should reflect the cost of repairs or any reduction in value of the van as a result of them. Those figures are likely to be similar. I am satisfied that the charges are reasonable in the circumstances.

Putting things right

MBFS agreed to the investigator's recommendation that it reduce its charges by £28.96. I will nevertheless make a formal award requiring it to do so.

My final decision

For these reasons my final decision is that, to resolve Mr J's complaint in full, Mercedes-Benz Financial Services UK Limited should reduce its charges for damage by £28.96.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 26 July 2022.

Mike Ingram
Ombudsman