

The complaint

Mr P complains about charges he was asked to pay by Mercedes-Benz Financial Services UK Limited, trading as Mercedes Benz Financial Services ("MBFS") when he returned cars he had been leasing through them.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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.

Having done so, I agree with the investigator's findings.

Mr P acquired his cars under regulated consumer credit agreements and as a result our service is able to look into complaints about them.

The terms of the finance agreements held Mr P responsible for keeping the cars in good condition. He would be responsible for any damage if the cars weren't returned in the correct condition.

The damage charges

Whilst MBFS have their own vehicle return standards the industry guidelines for what is considered fair wear and tear when vehicles are returned at the end of their lease, is provided by the British Vehicle Rental and Leasing Association (BVRLA).

The investigator has considered the damage identified in the inspection photographs against the MBFS vehicle return standard. I would agree with his comments in respect of that standard. All of the damage identified is chargeable except for the cracked left-hand front tyre on the A180 where the photograph does not adequately demonstrate an inadequate condition, and the dented right-hand rear quarter panel on the S350 where again there isn't sufficient evidence.

I've also considered the damage against the BVRLA guidance. In some cases that guidance sets slightly different tolerances, but I don't think any of the damage, except that noted above, would be considered acceptable under that standard either.

The extra rental days

In recognition of the national lockdown restrictions MBFS have already reduced the charge for extra days from 111 days down to 16 days for the A180, and 112 days down to 49 for the other car. As Mr P had the cars for longer than the agreed period I think it's fair for MBFS to make charges for an additional 16 and 49 days respectively.

The mileage charges

I would agree with the investigator that the mileage charges haven't been calculated fairly as I think it would have been fair for MBFS to include the extra rental days in the calculation.

For the A180 the contractual maximum mileage was 24,000 and the car was returned having completed 32,708. But I think it would have been fair for MBFS to have increased the maximum mileage limit to take account of the 16 extra days of hire. The daily mileage allowance was $24,000/1,460 = 16.44$ and MBFS should therefore allow a mileage of 24,263 before making charges for the A180 car.

For the S350 the contractual maximum mileage was 48,000 and the car was returned having completed 62,927. But I think it would have been fair for MBFS to have increased the maximum mileage limit to take account of the 49 extra days of hire. The daily mileage allowance was 32.88 and MBFS should therefore allow a mileage of 49,611 before making charges for the S350 car.

Putting things right

I'm asking MBFS to put things right in the way I've set out above.

My final decision

For the reasons I've given above I uphold this complaint in part and tell Mercedes-Benz Financial Services UK Limited to:

- Remove the charge they've made for the cracked left-hand rear tyre on the A180 and the dented right-hand rear quarter panel on the S350.
- Recalculate the mileage charges on both agreements as I've explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 July 2022.

Phillip McMahon
Ombudsman