

The complaint

Mr D's complaint is about charges he's been asked to pay by Mercedes-Benz Financial Services UK Limited ("MBFS").

What happened

I issued a provisional decision on this complaint in March 2022. An extract from that provisional decision is set out below.

What I've provisionally 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, whilst I agree with most of the investigator's findings I don't agree that the charge for damage to the left-hand front wheel is fair and I think MBFS should provide some compensation to Mr D. I'll explain why.

Mr D acquired his car under a hire agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The terms of the finance agreement held Mr D responsible for keeping the car in good condition. He would be responsible for any damage if the car wasn't returned in the correct condition.

The damage charges that remain

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). So, I think that industry standard is the fairest gauge of whether charges have been levied fairly and I'll use that when considering the damage in the inspection reports. I've considered the photographs of the damage in the second report and compared the damage to the BVRLA standard.

Left hand front wheel

MBFS removed a charge for damage to the left-hand front tyre as they correctly noted the tyre wasn't the same make as the one recorded on this wheel in the first inspection.

The photograph in the second inspection report for the damaged front left wheel also shows a wheel with a different tyre on than was reported to be present on the car when it was collected. I don't therefore think this is a photograph of the same wheel and I don't think it's fair to levy any charge for damage. MBFS should therefore remove the charge of £110.

Rear tyres

I've reviewed the photographs in both inspection reports and the tyres don't appear to be the

correct type. The BVRLA guidance says that tyres should comply with the manufacturer's recommendations of tyre type. So, I'm persuaded the charge MBFS have levied is reasonable.

Right hand front tyre

The BVRLA guidance says there must be no damage to side walls and the photograph in the second inspection shows a small but noticeable gouge. I think the charge is therefore reasonable.

Door shuts

The photographs show several dents to both door shuts. The BVRLA guidance says that dents of less than 15mm are acceptable as long as there are no more than two per panel. I think the photographs show the damage to be outside of this standard and therefore reasonably chargeable.

Seat cover cut

The BVRLA guidance says the upholstery should have no tears or scratches and the photograph shows cuts to the seat. I'm persuaded the damage is outside of the BVRLA guidance and is therefore chargeable.

Right hand front door pad

The same guidance applies here, and I can see MBFS reduced the charge to a repair which I think was reasonable. The damage is outside of the BVRLA standard.

The process

I understand Mr D's frustration here as the first inspection revealed no damage charges and the subsequent inspection identified in excess of £1,400 of damage.

It's for MBFS to decide their processes and it's for them to decide how they identify any excess wear and tear that could be chargeable under the agreement.

They explained to Mr D in May 2021 that they would be completing two inspections on the car. MBFS aren't members of the BVRLA, the organisation that provide the industry guidelines on what is considered fair wear and tear when a car is returned at the end of a lease. But it is reasonable to expect MBFS to be mindful of that industry guidance.

The BVRLA guidance explains that whilst some companies may provide a condition report on collection of the car, others may complete the final inspection off site.

So, I don't think it was unreasonable for MBFS to complete a further and final inspection. The BVRLA guidance recommends that drivers (or nominated representatives) are present when vehicles are collected. It says that all readily apparent damage and wear will be documented when the vehicle is collected, and the driver will be given an opportunity to agree with the condition report.

Mr D was given an opportunity to attend the first inspection and to agree to the condition report but that initial inspection didn't identify any of the extensive damage that was noted during the second inspection.

He wasn't given an opportunity to attend the second inspection and I've therefore thought

about whether this disadvantaged him and whether the results would have been different had he been present.

I think the charges for the left-hand front tyre and wheel wouldn't have been made if Mr D was allowed to be present. I say that because I think it's clear he would have noticed it was a different wheel/tyre.

Mr C has therefore been inconvenienced by not being allowed to attend that second inspection. And he's had to escalate his complaint to this service when I think it may have been resolved earlier had he been present.

I've reviewed the video evidence Mr D provided of the initial collection/inspection. The inspector explained the car was "in good nick" and suggested there was just some damage to a mirror. Whilst the inspector does mention that MBFS will "go through it again" I think the inspector left Mr D with the impression that all was good, and no charges would be applied. I think that was unfair and I question the point of the first inspection at all if it fails to identify over £1,400 worth of damage. If it was simply a collection by an unqualified inspector I think MBFS should have clearly explained that to Mr D. The failure to do so and the failure to invite Mr D to the subsequent inspection have inconvenienced him and I can imagine it would have been distressing to receive a bill for a lot of money when the initial inspector had suggested that wouldn't be likely.

In those circumstances I think MBFS should pay Mr D £250 in compensation for the distress and inconvenience caused.

My provisional decision

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

- *Waive the charge of £110 for the left-hand front wheel damage.*
- *Pay Mr D £250 to compensate him for the distress and inconvenience caused.*

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.

MBFS accepted my provisional decision and Mr D didn't provide any further information. So, I've not been provided with any further information that would lead me to change my provisional decision on this complaint.

Putting things right

My provisional decision therefore becomes my final decision on this complaint.

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:

- Waive the charge of £110 for the left-hand front wheel damage.
- Pay Mr D £250 to compensate him for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or

reject my decision before 10 August 2022.

Phillip McMahon
Ombudsman