

## The complaint

Mrs Y complains about charges applied when her personal contract plan (PCP) agreement with Mercedes-Benz Financial Services UK Limited ("MBFS") ended.

## What happened

In April 2019 Mrs Y took out a PCP agreement for a new car. The agreement was expected to last for four years. But after she'd taken the car back to the dealer several times to try to resolve various issues, MBFS gave Mrs Y the option to reject it. She handed the car back to the dealer on 13 August 2021.

MBFS' agents collected the car from the dealer. A full inspection was carried out on 16 November 2021. Three days later MBFS sent Mrs Y an invoice for £1,954.69, relating to damage that didn't meet their vehicle return standards.

Mrs Y disputed these charges. On 13 January 2022 MBFS issued a final letter of response to her complaint, agreeing to remove one charge. But they said the other charges remained payable, totalling £1,744.00.

Mrs Y complained to MBFS again. She offered to pay £429 for damage to the front and rear bumper. But she disputed liability for any other damage that may have happened after she'd handed the car back to the dealer on 13 August 2021.

On 17 March 2022 MBFS sent Mrs Y a revised invoice for £1,274. This was broken down as follows:

Damage	Value
Quarter panel (left side rear) non-professional repair	£195.00
B post (left side) dented	£70.00
Bumper (front) scratched	£210.00
Tailgate dented	£260.00
Wheel (right side rear) spoke damaged	£110.00
Bumper (front) centre chrome moulding excessive damage	£169.00
Bumper (rear) dented	£260.00

Still unhappy with these charges, Mrs Y brought her complaint to us. Our investigator asked MBFS for details of the repairs carried out to the car. MBFS agreed to waive the charges for non-professional repairs.

Our investigator didn't think he could reasonably say when the rest of the damage had happened, due to the car being left at the dealer's premises for almost three months before MBFS collected it. For this reason, he thought MBFS should remove all disputed charges from the account.

The investigator reviewed the remaining two charges by reference to MBFS' vehicle return standards and industry guidelines – the British Vehicle Rental and Leasing Association's

(BVRLA) Fair Wear and Tear Guide. He was satisfied that the charges for damage to the front and rear bumpers had been applied fairly.

The investigator noted Mrs Y had to go to considerable lengths to get this complaint resolved. He felt this had caused her a significant amount of stress due to the amount of money involved. He said MBFS should pay Mrs Y £50 compensation for this.

Mrs Y accepted our investigator's proposed resolution of her complaint, saying she was happy to pay the remaining charges. MBFS didn't respond, so the case has come to me for a 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.

Mrs Y is complaining about a personal contract plan (PCP), which is essentially a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied that I can consider this complaint.

MBFS have provided a copy of the agreement Mrs Y signed on 18 April 2019, which I've read carefully. I've seen that it includes a section headed "*Vehicle Return Standards*", which sets out the standard Mercedes expect the vehicle to be in when it's returned at the end of the agreement period. It states:

*"When it is time to return your vehicle whether that is at the end of the period of hire or earlier (when requested to do so), you must return the vehicle in line with the Vehicle Return Standards."*

I've considered whether the evidence shows Mrs Y failed to comply with this requirement.

I've seen a copy of the report of the inspection of the car, dated 16 November 2021. I've reviewed this in detail. I've focussed on the charges listed in MBFS' most recent invoice to Mrs Y, dated 17 March 2022.

#### **1. Non-professional repair to quarter panel (left hand rear)**

Mrs Y disputes this charge. She's told us that the car had to go back to the garage multiple times for diagnostics and repair work due to the problems she experienced with it. She says all servicing and repairs were carried out by the dealer.

I haven't seen any evidence showing what repairs were carried out during the agreement period. I've seen evidence showing MBFS have now agreed to remove the charges for non-professional repairs. I think that's fair.

#### **2. Dented B-post, scratched front bumper, dented tailgate, wheel spoke damage**

Mrs Y says these areas of damage didn't happen while she had the car. She believes it must have happened after she returned the car to the dealer.

The date Mrs Y returned the car to the dealer isn't disputed. I've seen a copy of an email the dealer sent to MBFS on 13 August 2021, confirming the car was on site and asking MBFS to arrange collection. But I've seen no evidence showing the condition the car was in at that time.

The earliest report I've seen as to the car's condition is dated 9 November 2021. This inspection is described as a "doorstep appraisal". It includes a video clip showing the car parked amongst other vehicles, outside commercial premises.

I've seen no evidence as to where the car was stored during the 12-week period between 13 August 2021 and 9 November 2021. MBFS have told us that the car was collected on 11 October 2021. But having thought about this, I think it most likely that the doorstep appraisal report and video clip were made when the car was inspected and collected from the dealer's premises. So, I think it most likely that the car remained at the dealer's premises until 9 November 2021.

I do think these disputed areas of damage could have happened during that 12-week period. In the absence of evidence showing this damage was present when Mrs Y returned the car, I don't think it's fair for MBFS to charge her for it. It follows that I think MBFS should remove the charges for the dented B-post, scratched front bumper, dented tailgate, and wheel spoke damage.

### 3. Other damage

Mrs Y accepts there was some damage to the front and rear bumpers when she returned the car. For completeness, I've considered whether it was fair for MBFS to charge her for this.

I've reviewed the vehicle return standards set out in the agreement. I've also looked at the fair wear and tear guidelines published by the BVRLA. I consider these guidelines to represent good practice across the industry, giving descriptions of what should be accepted as fair wear and tear when a vehicle is returned.

#### (i) Front bumper centre chrome moulding

MBFS' vehicle returns standards say: "*distorted, gouged or split bumpers and mouldings that require replacement, plastic welding or painting*" are not acceptable.

The BVRLA guidelines say: "*scuffs and scratches of 25mm or less are acceptable provided the moulding or trim is not broken, cracked or deformed.*"

I've seen a photo of the damage to the chrome moulding, showing a ruler next to the damaged area. I can clearly see a scuffed area which exceeds 25mm in length, and that the moulding is also deformed.

I'm satisfied that this falls outside MBFS' vehicle return standards and BVRLA guidelines for fair wear and tear. So, I consider it fair for MBFS to charge Mrs Y for this.

#### (ii) Rear bumper

MBFS' vehicle returns standards say: "*Dented bumpers and/or any dents penetrating through to the base material where painted*" are not acceptable.

The BVRLA guidelines say: *“Dents of 15mm or less in diameter are acceptable provided... the paint surface is not broken.”*

I've seen a photo of the dent to the rear bumper, showing a ruler next to the damaged area. I can't see whether the dent penetrates through to the base metal, but I can clearly see it exceeds 15mm in diameter. I'm satisfied that this falls outside the BVRLA guidelines for fair wear and tear, so I consider it fair for MBFS to charge Mrs Y for this.

### **Putting things right**

For the reasons I've explained, I consider the following charges to have been fairly applied:

- Bumper (front) centre chrome moulding excessive damage £169
- Bumper (rear) dented £260

But I'm not persuaded that it was fair to charge Mrs Y for the following:

- Quarter panel (left side rear) non-professional repair £195
- B post (left side) dented £70
- Bumper (front) scratched £210
- Tailgate dented £260
- Wheel (right side rear) spoke damaged £110

So, I think Mercedes should remove these charges from their invoice.

I think Mrs Y has spent a significant amount of time trying to resolve this dispute. I can see that's been distressing for her, due to the amount of money MBFS claimed she owed. I think MBFS should pay Mrs Y £50 compensation for this.

### **My final decision**

For the reasons I've explained, I uphold this complaint and direct Mercedes-Benz Financial Services UK Limited to:

1. Remove all charges from their invoice to Mrs Y, except:
  - Bumper (front) centre chrome moulding excessive damage £169
  - Bumper (rear) dented £260.
2. Pay Mrs Y £50 compensation for the distress and inconvenience she's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 21 February 2023.

Corinne Brown  
**Ombudsman**