

## The complaint

Mrs A complains about charges when she returned her car at the end of a hire agreement provided by Mercedes-Benz Financial Services UK Limited ("MBFS").

## What happened

In November 2018, Mrs A acquired a new car using a hire agreement with MBFS. She initially took the agreement over a period of three years. The agreement was then extended by a further three months. When the agreement came to an end, Mrs A handed the car back and it was inspected for damage in February 2022.

MBFS then sent Mrs A an invoice and told her she owed £817.50 for damage to the car, including different charges for two alloy wheels. Mrs A, unhappy with the charges, complained to MBFS.

MBFS responded to Mrs A and said they'll uphold an element of her complaint. They removed the charge for the rear right tyre. And they explained the reason there was a difference in the cost of charges to the alloy wheels was because the left alloy couldn't be repaired but had to be replaced. They also explained why they felt the charges were outside of their vehicle return standards ("VRS").

This meant the remaining charged damages consisted of:

<i>Front left alloy wheel – replace</i>	£397.75
<i>Front right alloy wheel – refurbishment</i>	£110.00
<i>Rear left tyre – replace</i>	£149.22
<i>Parcel shelf strap – replace</i>	£11.31
<b>TOTAL</b>	<b>£668.28</b>

Mrs A, unhappy with MBFS' response, referred her complaint to our service. She said she doesn't believe all the charges applied are fair. Mrs A says she has paid for the charges for the right alloy and the parcel shelf strap, which means the remaining charges still owed amount to £546.97. Mrs A believes the only outstanding charge should be for the left alloy and believes the charge should be £110, which is the same price as the right alloy she's already paid for.

Our investigator found that MBFS had fairly charged Mrs A for the parcel shelf strap and the right alloy wheel. For the left alloy wheel, the investigator said that the charge should be reduced to the cost of a repair. For the left rear tyre, the investigator wasn't persuaded the inspection images shown enough damage to fall outside of fair wear and tear.

MBFS disagreed with the investigator's findings. They said the left alloy wheel will need to be replaced as there are large chunks missing. The left rear tyre they say has a bulge in it and is severely cracked.

As MBFS disagreed, the complaint was passed to an ombudsman.

I issued a provisional decision on 12 January 2023 where I explained why I intended to partly uphold Mrs A's complaint. In that decision I said:

*"Based on what I've seen so far, I intend to uphold this complaint in part.*

*Mrs A complains about charges in relation to a hire agreement. Entering into regulated consumer credit contracts like this is a regulated activity, so I'm satisfied I can consider Mrs A's complaint about MBFS.*

*Mrs A was charged for several different things, so I'll consider these in turn. But I've firstly thought about whether MBFS could charge her for damage. Looking at the agreement she took, it says:*

*"...you must return the vehicle in line with Vehicle Return Standards."*

*"If you fail to take reasonable care of the vehicle and fail to maintain the vehicle in accordance with the manufacturer's guidelines and/or the Vehicle Return Standards, you will have to pay our costs either of repairing and/or refurbishing the vehicle, or the cost of the consequent reduction in the sale value of the vehicle, as compensation."*

*So, considering this, I think Mrs A agreed to return the car in a condition in line with the VRS and she agreed to be charged if this wasn't the case.*

*I'll go on to consider if the charges were fairly applied. As well as the VRS, I've also considered the British Vehicle Rental and Leasing Association ("BVRLA") guide to fair wear and tear. I understand MBFS are not BVRLA members, but I'm happy this is a useful benchmark when considering what is fair and reasonable.*

*In relation to the wheels the VRS says, "...Minor scuffing or damage under 25mm to the vehicle alloy or steel rim edge or wheel face..." is acceptable.*

*The BVRLA says, "Dents on wheel rims and wheel trims are not acceptable." And, "Scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels/wheel hubs are acceptable."*

*I've reviewed the photos from the inspection of the car. The photos of the front left alloy show three specific areas of damage along the alloy rim and they exceed 50mm in length in total. So I'm satisfied this damage to the wheel falls outside of fair wear and tear.*

*I've gone on to consider whether MBFS have fairly charged for this, due to the severity of the damage. MBFS explained the wheel couldn't be refurbished, as to do so, it would need to be ground down to the depth of the deepest damage. It said doing so on this wheel would leave the rim too thin to be safe.*

*I think two of the areas of damage show scuffs and one of the areas clearly shows metal is missing from the alloy wheel in quite a deep gouge. Given this, I think MBFS's explanation here is reasonable for the charge. It follows, I also think MBFS have fairly charged for the wheel to be replaced.*

*While Mrs A has already paid for the damage to the front right alloy wheel, for completeness, I have still considered whether MBFS have fairly charged for it. The photos of the front right alloy wheel show scuffs exceeding 50mm in length in total. So I'm satisfied this damage to the wheel falls outside of fair wear and tear and it follows that I think MBFS have charged fairly for this.*

*In relation to tyres, the VRS says, "...Any gauge, crack, cut, torn or plugged tyre side wall..." is not acceptable.*

*The BVRLA guidance at the point of inspection says "There must be no damage to sidewalls or tread".*

*The photos of the rear left tyre show cracks in multiple areas. The cracks are along its tread and not along its sidewall. From the photos provided, I can't see any severe cracks or bulges in the tyre.*

*I think it's debatable whether this falls outside of the BVRLA guidance, as this references "damage", which I'm not sure would apply to minor cracking.*

*But, either way, the VRS guidance, which is what MBFS ultimately rely on here and what Mrs A agreed to, only specifies damage to the sidewall. So, I'm satisfied this tyre doesn't fall outside of the VRS. And I'm satisfied in this case, it would be fair and reasonable to apply the test set out in the VRS.*

*So I don't think the damage to the tyre falls outside of fair wear and tear and it follows that I don't think MBFS have charged fairly for this.*

*In relation to interior mouldings, the VRS says, "Broken or damaged interior mouldings, trim pads, instrument panel, sun visor, or headlining, etc..." is not acceptable.*

*The BVRLA says, "Torn or split floor coverings and damaged surrounding trim panels are not acceptable." It also says, "Accessories such as parcel shelves, load covers, boot liners, restraining straps and nets must be returned with the vehicle."*

*I've also had a think about the general definition of fair wear and tear. The BVRLA says, "Fair wear and tear should not be confused with damage, which occurs as a result of a specific event or series of events, such as impact, inappropriate stowing of items, harsh treatment, negligent acts or omissions."*

*While Mrs A has already paid for the damage to the parcel shelf strap, for completeness, I have still considered whether MBFS have fairly charged for it. The photos of the parcel shelf strap show it as broken. So I'm satisfied this damage falls outside of fair wear and tear and it follows that I think MBFS have charged fairly for this."*

*I set out that I intended to partly uphold this complaint. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.*

#### *Responses to the provisional decision*

*MBFS responded and said they accept my provisional decision.*

*Mrs A hadn't responded to my provisional decision before the deadline I set.*

#### **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 MBFS accepted my provisional decision and Mrs A hadn't responded, I see no reason to depart from its conclusions.*

In summary, I think MBFS has wrongfully charged Mrs A for the damage to the rear left tyre and fairly applied the wear and tear guidelines in the other areas being charged which I have looked into.

### **My final decision**

For the reasons I've explained, I uphold this complaint and instruct Mercedes-Benz Financial Services UK Limited to remove the charge for the rear left tyre.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 24 February 2023.

Ronesh Amin  
**Ombudsman**