

The complaint

Miss W complains about end of contract charges when her lease agreement with Mercedes-Benz Financial Services UK Limited ended.

What happened

In December 2019 Miss W was supplied with a car and entered into a lease agreement with MBFS.

When the agreement ended, the car was inspected. MBFS asked Miss W to pay charges for damage which it said went beyond acceptable wear and tear and for extra days hire.

Miss W disputed the charges. She said that when the vehicle was inspected at handover, the inspector hadn't identified any damage. However, following a second inspection at the compound, several items of damage were identified which came to over £4000 in charges. Miss W says that these charges were reduced to just under £2000 following her complaint, but she still disputes the charges.

In response to Miss W's complaint, MBFS said the charges had been correctly applied. Miss W remained unhappy and complained to this service.

Our investigator partially upheld the complaint. They reviewed the inspection report and said they were satisfied that all of the damage exceeded the fair wear and tear guidance, with the exception of the damage to the LHR door speaker. The investigator said that the charge for the speaker should be removed.

MBFS didn't agree. It said there was a crack through the centre of the speaker grille which meant that it couldn't be repaired.

Miss W didn't agree either. She said she didn't agree with the charges for the extra days hire because she had agreed with MBGS that there wouldn't be a charge for this. She also said she thought the damage to the car had happened after the handover inspection and on the journey to the compound. She said the first inspection had been carried out in daylight and any damage would've been visible to the inspector.

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'm in agreement with the investigator that the complaint should be partially upheld. I'll explain why.

I'm aware that I've summarised this complaint briefly and in less details than the investigator. No discourtesy is intended by this. I've focussed on what I think are the key issues here – is it fair and reasonable for MBFS to ask Miss W to pay for damage charges and extra days hire.

If there's something I haven't mentioned, I haven't ignored it. I've not commented on every point but only those which I think are key to me reaching what I think is a fair resolution. The rules of this service allow me to do this.

The crux of this complaint is whether the charges Miss W is being asked to pay are fair and reasonable.

I've reviewed the lease agreement. This says that when the car is returned it must meet MBFS's vehicle standards. Full details of these are set out in the agreement. The agreement also says that Miss W will have to pay charges if she returned the car with damage which exceeded the vehicle returns standards.

Miss W agreed to these terms and conditions when she signed the agreement. So, I'm satisfied that MBFS was allowed to charge Miss W for any damage which fell outside of the vehicle returned standards.

I've gone on to consider whether the damage being charged for exceeds that which is allowed by the vehicle returned standards. I've looked at the inspection report and the photos. I'm satisfied that all of the damage – with the exception of the speaker – exceeds the allowable damage set out in the vehicle returns standards. So, I'm satisfied that it's fair and reasonable for MBFS to charge for the damage.

In relation to the damage to the speaker, I've taken account of what MBFS has said about the grille being cracked. I've looked at the photo but I don't think it shows a crack, so I'm not persuaded that the charge has been fairly applied.

I'm not going to comment on every item of damage because the investigator has already done so in detail. However, I would like to address the point made by Miss W about the damage happening after the car was collected from her. I think this is unlikely for two reasons. Firstly, the collection agents have specifically confirmed that no damage was incurred post collection. Secondly, the extent of the damage affects the whole vehicle and not just one area. It's more likely that this widespread damage occurred whilst the car was in Miss W's possession.

I appreciate that Miss W has said that no damage was noted on the handover inspection. However, the initial inspection is to look at the general condition of the car rather than the more detailed inspection which is carried out at the compound.

I've also thought about the extra days hire charges. Miss W has said that it was agreed with MBFS that there would be no charge. She's explained that one of the days was a bank holiday and that after this she was unwell.

The agreement started on 19 December 2019 and ended on 19 September 2022. The agreement says that if Miss W fails to return the car at the end of agreement, additional hire charges will be calculated pro rata up to and including the day when the car is returned.

I can see that collection was agreed for 27 September. This is after the end date of the agreement, so Miss W had possession and use of the car for this extra time. I'm satisfied that the extra days charges have been applied in line with the terms and conditions. I haven't seen any evidence to suggest that MBFS agreed not to charge for these extra days. I appreciate that the collection date may have changed due to Miss W being unwell but I haven't seen any medical evidence to support this, so I'm not persuaded that there's any basis to ask MBFS to remove these charges.

Taking everything into account, I'm satisfied that the available evidence shows that Miss W's

car was returned to MBFS with damage which exceeded the vehicle returns standards and that the charges for damage – with the exception of the speaker as I've explained above – have been fairly applied.

Putting things right

To put things right, MBFS must refund the charges for the LHR speaker.

My final decision

I partially uphold the complaint. Mercedes – Benz Financial Services Limited must refund the charge for the speaker in the sum of £50.40.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 18 September 2023.

Emma Davy
Ombudsman