

The complaint

Mr P has complained about damage charges applied by Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance (MBFS) under a hire agreement.

What happened

In 2019 Mr P acquired a new car under a three-year hire agreement with MBFS. Rentals were around £360 per month. Mr P arranged for the car to be handed back in January 2023. It was inspected with Mr P on 3 January 2023, and it was inspected again on 5 January 2023.

MBFS wrote to Mr P to say he owed £1,100.90 for damage charges because the car had been returned outside of MBFS's vehicle return standards. This is made up of the following:

Number plate front incorrect type/spec	£15
Number plate rear incorrect type/spec	£15
Wheel left hand front rim damaged	£110
Wheel left hand rear rim damaged	£110
Wheel right hand front rim damaged	£110
Wheel right hand rear rim damaged	£110
Bumper front scratched	£210
Door shut inner right hand front dented	£130
C post trim lower right hand scuffed	£50.40
Door right hand rear scratched	£210
Steering column shroud lower air freshener damage	£30.50

Mr P complained but MBFS thought the charges had been applied fairly, so he referred his complaint to our service. One of our investigators looked into things and thought the charges were fair and while he noted only some of the damage areas were spotted during the first inspection, he didn't think it likely the other areas of damage highlighted on the second inspection happened after the car was collected from Mr P.

Mr P disagreed. He said the initial inspector spent an hour inspecting the car and that he didn't think it was fair to decline the case on balance because it was unlikely for the damage to have taken place after the car was collected. He said MBFS was taking advantage of him as a consumer. And he mentioned faults he had with the car shortly after taking possession.

I issued a provisional decision that said:

Mr P acquired the car using a regulated consumer hire agreement, and our service is able to consider complaints relating to these sorts of agreements. This decision focuses on Mr P's complaint about damage charges because this is the complaint that MBFS has had the chance to consider.

The car was new when it was supplied to Mr P, so I think it's reasonable to assume it was supplied free from even minor defects. Therefore, any damage that was on the car when it

was returned would've likely happened during the time it was with Mr P.

I note the vehicle return standards are set out within the hire agreement itself. The agreement sets out that when the car is returned it must be in line with the vehicle return standards. And it also says if the vehicle has not been returned within those standards MBFS is able to charge costs either of repairing and/or refurbishing the vehicle, or the cost of the consequent reduction in the sale of the vehicle, as compensation. It also says When the vehicle is returned to us, a Vehicle Return Standard Inspection will be carried out by trained technicians at the nominated Defleet Centre.

As a starting point, I'm satisfied that by signing the agreement, Mr P agreed to the terms. I therefore don't find MBFS is acting unfairly by applying charges for damage that falls outside of fair wear and tear, as per the return standards. Moreover, I don't think MBFS acted unfairly by carrying out another inspection at the Defleet Centre.

I've gone on to think about whether (or not) the damage falls outside of those standards. Before I do that, I'll highlight what the vehicle return standards says about the sort of damage MBFS is seeking to charge for.

The return standards say everything that was originally supplied with the car must be returned with it. And that cherished plates must be put on retention.

For alloys the return standards say that minor scuffing or damage under 25mm to the alloy, rim edge or wheel face is acceptable.

With regards to body and paint it says minor dents are acceptable if they're less than 13mm in diameter, there's a maximum one dent per panel, or two dents per panel for vehicles up to two years old, and a maximum of four dents for vehicles over two years old. It says any excessive chipping or scratching of paintwork that's penetrated the base coat isn't acceptable. It also says dents on swage lines, folder edges or high-profile panels aren't acceptable.

The vehicle return standards also say scuff marks up to 50mm are acceptable as long as they don't affect the overall appearance of the vehicle.

For the interior the return standards say that stains or discolouration of a permanent nature, damaged interior mouldings and trim pads aren't acceptable.

Turning first to the number plates, Mr P hasn't disputed he didn't put his cherished plates on retention. And he's not disputed the charges. I don't find the £15 charges to be unfair.

I think both reports show scuffing or damage to all of the wheels over 25mm. I think all the charges have been applied fairly, and I don't consider £110 to be unreasonable for each wheel.

Both reports highlight a scratch to the front bumper. And the second report that was taken in daylight shows a scratch that looks like it's over 50mm. I think this charge has been applied fairly and I don't consider a charge of £210 to be unreasonable.

Both reports highlight damage to the right hand front inner door. And it looks like there's a dent or scratch that's penetrated the base coat. I think this falls outside of the return standards, and I don't think the £130 charge is unreasonable.

The damage to the C post trim isn't shown on the first report. But it's quite clear on the second report. The trim is quite badly scuffed. On balance, I don't think it's likely that all the

marks happened after the car was collected. The photo I've seen looks like the scuffs have happened over a prolonged period. I think the damage is outside of the return standards and I don't think the £50.40 charge is unreasonable.

I can see on the 2nd report that there's a clear scratch on the right-hand rear door. And this looks to have penetrated the base coat, so I think it falls outside of fair wear and tear. But the issue with this scratch is that it wasn't noted on the first inspection. I appreciate it looks like the first inspection was carried out at night so it wasn't ideal conditions. But the inspector has noted other areas of damage that don't look as significant. I'm not sure why this scratch wasn't noticed. Mr P has highlighted the inspector took about an hour to take a detailed look at the car. It's possible this door was damaged after the car was picked up from Mr P. I'll never know. But given it wasn't shown on the first inspection, and the inspector noted other areas of damage that weren't as obvious or significant I'm minded to say that MBFS should remove this charge.

Finally, with regards to the marks caused by an air freshener, this wasn't noted on the initial inspection. And I can't see the damage clearly on any of the photos. I'm also intending to say this charge should be removed as well.

MBFS accepted the proposal. I can't see we've received a response from Mr P.

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.

Seeing as though I've not been supplied anything materially new to consider, I see no reason to depart from the conclusions I reached in my provisional decision.

My final decision

My final decision is that I uphold this complaint and direct Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance to remove the charge for the right-hand rear door (£210) and the steering column shroud (£30.50).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 November 2023.

Simon Wingfield
Ombudsman