

## **The complaint**

Mr R complains that Mercedes-Benz Financial Services UK Limited (“MBFS”) unfairly charged him for damage on a vehicle he had returned at the end of a hire agreement.

## **What happened**

In May 2020 Mr R entered into a four-year hire agreement with MBFS for a commercial van. The van was around two years old and had a mileage of 34,250. The agreement’s monthly payments were around £310, and the annual permitted mileage was set at 8,000.

At the end of the agreement’s term Mr R arranged for the van to be collected by a third-party company acting on behalf of MBFS. The van was collected, and no damage was noted on the collection report.

The van was then inspected again by the third-party company and various dents and other damaged was recorded. MBFS sent Mr R an end of contract charges invoice amounting to £2,555.23 which included the amount of £392.34 for excess mileage.

Mr R complained to MBFS about the charges although he said he accepted the excess mileage fee. He said the vehicle had been well looked after as he had been aware he would be returning it. Mr R said that he had been sent emails setting out the collection process which had stated any damage to the van would be highlighted at collection and the process would take around an hour. However. He said, on the day the van had been inspected for around 10 minutes and no damage had been recorded.

Mr R said that he had inspected the van before its collection and disagreed the van had any major chips or scuffs and said due to its age it would be expected to have some wear and tear.

MBFS reviewed the evidence and said although it agreed one item (the top of the gear stick had been reported as missing but had been present) would be removed from the invoice, the remaining damage that had been recorded was more than reasonable wear and tear. It said the charges were in accordance with the Vehicle Return Standards (VRS) which the agreement had stipulated would be applied when the van was handed back.

MBFS also said that the process at the end of the contract was for the van to be collected and at that point a safety appraisal would be conducted to check it was safe to drive. It said this report wasn’t a damage inspection and so no damage would have been recorded on the report. Once the vehicle had been collected, MBFS said, it would then be inspected, and the condition report prepared. It said the condition report included photos of any damage found.

Mr R was unhappy at MBFS’s response and complained to this service. He said the end of contract charges were unfair as he was being charged for damages that hadn’t been present on the vehicle when he handed it back.

Our investigator recommended that Mr R’s complaint was partially upheld. He said that when assessing end of contract charges for damage it was fair to refer to the British Vehicle Rental

and Leasing Association (BVRLA) guidelines. These guidelines are used across the industry to set the standard of what would and wouldn't be acceptable as fair wear and tear when returning a vehicle at the end of a financial agreement. Our investigator said that although MBFS wasn't a member of the BVRLA, he had referred to these guidelines as well as the VRS used by MBFS when assessing the photos of the damage claimed for.

Our investigator said that he accepted that the zebra board that had been used in the photos to show the size and width of the damaged areas of the van had lines which were 3mm apart. And so, our investigator said, he had been able to consider the size/depth of the dents/chips/scrapes when considering whether it was more than fair wear and tear.

Our investigator said that following a review of the evidence, he thought the damage claimed was chargeable save for the charge for the nearside front door frame and for replacing the rear badges that would have to be removed to repair damage to the tailgate. He said the door frame dent was under the limit at which it would be chargeable and, in regard to the rear badges, that it was unfair to charge Mr R for something that may arise from a potential repair.

In respect of when the damage had arisen, our investigator said that he thought it was more likely to have occurred in the four years the van was in Mr R's possession rather than the short time it had been with the third-party company.

Mr R disagreed with our investigator's view. He said the collection and inspection process had been unclear. The letter he'd received about collection set out that the damage inspection would be done at the same time the van was collected. Mr R said the damage to the van could have happened after he'd handed it back and he queried the reliability of the inspection report when it had recorded the top of the gear stick missing when it hadn't been.

MBFS also disagreed with our investigator's view. It said that the dent to the nearside door frame exceeded 15mm as could be seen by the distortion of the lines in the zebra board. It also said that the rear badges have to be removed to repair the tailgate and once removed, can't be reused. It said the cost of replacing the badges couldn't be incorporated with the tailgate repair cost due to the way repair costs were listed.

As the parties had been unable to reach an agreement Mr R's complaint has been passed to me

### **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.

Mr R has said that he didn't think the process of returning the van and it being inspected had been properly followed. He says he had an expectation the van would be inspected at the point of its collection and not doing so was unfair and also meant that any damage subsequently found could have actually happened after the van had left his possession.

I appreciate Mr R's frustration because the information he'd received, prior to the van being collected, was that it would be inspected for damage before it was taken away. However, looking at the hire agreement this sets out that "*when the vehicle is returned to us, a Vehicle Return Standard Inspection will be carried out by trained technicians at the agreement nominated Defleet Centre...*" The agreement then also sets out information about the VRS. I think that as this information was contained in Mr R's signed agreement it's reasonable to think Mr R was aware an inspection would be carried out after the van had been returned.

I've also looked at MBFS's website which says that a third-party company "*will complete a visual and safety appraisal at a location of your choice to make sure that your van is safe to be driven. Please remember, this is not a vehicle return inspection... A full return inspection will take place when your vehicle arrives at our De-Fleet centre...*"

So, although there was contradictory information, I don't think there was unfairness to Mr R as to the van's inspection. Both his agreement and the website set out the correct process that was to be followed. MBFS followed its own set procedure for the handing back of the vehicle.

Mr R has raised the question of the van being damaged enroute to the Defleet Centre. Here I would have to decide what is the most likely thing to have happened in respect of how the van came to sustain the various items of damage that have been recorded. I think it's reasonable to conclude that it's more likely than not that such damage would have occurred through being used in the four years it was with Mr R than over the short period it would have been with the third-party company. So, I'm satisfied the photos that have been supplied as to the condition of the van depict its condition at the point Mr R handed it back.

Mr R has also queried the reliability of the charges as an item (the gearstick top missing) was found not to be correct. However, while I accept that item was removed by MBFS, the remaining damage which was charged for has been supported by photos. This means I am able to assess whether the reported damage would be considered as reasonable wear and tear or not when referring to the BVRLA guidelines and VRS. I don't think one item being incorrectly charged for casts doubt on the remaining areas of damage.

Mr R has also raised that a six-year old van wouldn't be expected to be in pristine condition, it would inevitably have sustained some wear and tear. I agree with that, but the BVRLA guidelines do provide guidance as to when wear/damage would be considered unacceptable. I think it's reasonable for these guidelines to be applied to a van of this age.

Following MBFS's review Mr R had outstanding charges for damage found to the following:

- Grille badge damaged - £71.78
- Nearside front door damaged - £242.19
- Nearside front door frame damaged - £135.21
- Nearside sliding door damaged - £242.19
- Offside front door damaged - £212.17
- Offside front door frame dented - £135.21
- Offside front roof damaged - £212.17
- Offside sliding door damaged - £272.20
- Offside rear quarter panel damaged - £212.17
- Rear badges damaged - £60.66
- Rear offside light cluster damaged - £101.47
- Rear tailgate damaged - £242.19
- Excess mileage - £326.95

I've seen that there is no dispute in respect of the excess mileage. In respect of the damage that is chargeable as opposed to what would be considered fair wear and tear, I have, as did our investigator, referred both to the BVRLA guidelines as well as the RVS used by MBFS.

Mr R has queried the use of the zebra board as he says this doesn't accurately measure the size of dents and scratches. He says the BVRLA says evidence should be provided which is clear and substantiated. I don't think the use of the zebra board was unfair and accept that the lines are 3mm apart. I also think the photos provided do substantiate areas of damage to

the van and are clear.

So, when looking at the photos and applying the BVRLA guidance, I'm satisfied that the following damage shown is more than fair wear and tear and is chargeable, that is:

- The grille badge which has rusted scratches/abrasions.
- The nearside front door has a dent in excess of 15mm
- The nearside sliding door has a number of dents and a chip which exposes the base metal.
- Offside front door has a dent in excess of 15mm.
- Offside front door frame has a dent in excess of 15mm.
- Offside front roof has a dent exceeding 15mm.
- Offside sliding door has dents in excess of 15mm.
- Offside rear quarter panel has dents in excess of 15mm.
- Rear offside light cluster has been cracked/broken.
- Rear tailgate has dents in excess of 15mm.

In respect of the nearside front door frame, MBFS says the dents are in excess of 15mm and refers to the waves shown on the zebra board. I don't think this damage is as clear as MBFS says and, in light of that, it's fair for this item to be removed from the end of contract charges.

In respect of the cost of replacing the rear badges, I've seen this is a cost that may arise when the tailgate is repaired as this requires the badges to be removed and they aren't designed to be reused once taken off. But I agree with the investigator that this isn't a fair charge for Mr R. I don't have evidence that the badges were rendered unusable, and he didn't cause damage to this actual component. So, I think it's fair for this item to be removed.

For the reasons given above, and while I appreciate this will be of disappointment to Mr R, I'm partially upholding his complaint in that I am asking for the end of contract charges to be revised but not completely.

### **Putting things right**

I'm asking MBFS to remove the charges for the nearside front door frame and the rear badges which amounts to a reduction of £195.87 from the damage invoice.

### **My final decision**

For the reasons set out above, I'm asking Mercedes-Benz Financial Services UK Limited to remove the charges for the nearside front door frame and the rear badges from the final end of contract damage invoice.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 February 2025.

Jocelyn Griffith  
**Ombudsman**