DRN-5745410

The complaint

Mr M complains about charges he has been asked to pay by Mercedes-Benz Financial Services UK Limited (‘MBFS’) since he returned a car he was financing through an agreement with them.

What happened

The detailed background to this complaint is well known to both parties. So, I’ll only provide a brief overview of some of the key events here.

Mr M took receipt of a new car in March 2021. He financed the deal through a hire purchase agreement with MBFS.

The car was inspected and collected at the end of the lease and MBFS sent Mr B a bill for £540 to pay for the refurbishment of damage. Mr B thought the charges were unreasonable and when he was dissatisfied with MBFS’s response he referred his complaint to this service.

Our investigator didn’t think the charges were unfair, but Mr M continued to dispute them and asked for a decision by an ombudsman.

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.

I know it will disappoint Mr M, but I agree with our investigator’s opinion of this complaint and for broadly the same reasons. I’ll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full, and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I must make my decision on the balance of probabilities – that is, based on what I consider to be more likely than not to have happened, in the light of the available evidence and the wider surrounding circumstances.

I’m required to take into account the relevant, laws and regulations, regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Mr M acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The industry guidelines for what is considered fair wear and tear when vehicles are returned at the end of their lease, is provided by the British Vehicle Rental and Leasing Association (BVRLA).

The guidance says:

“Charges can still be applied at the end of lease in cases where the leasing company decides for commercial reasons not to repair damage or replace missing equipment before the vehicle is sold.”

The end of lease charges are intended to compensate the business for the loss in sales value the car is likely to achieve as a result of the damage. So, I don’t think MBFS were unreasonable to charge Mr M for refurbishment even though they didn’t carry out that refurbishment.

In respect of alloy wheels, the BVRLA guidance says:

“Scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels/wheel hubs are acceptable. Dents on wheel rims are not. Any damage to the wheel spokes, wheel fascia, or hub of the wheel is not acceptable.”

The inspector’s photographs show damage that is in excess of 50mm on the circumference of the rims on all three wheels for which a charge is being levied. I think the charges have therefore been fairly applied.

The BVRLA guidance says:

“Surface scratches of 25mm or less where the primer or bare metal is not showing are acceptable provided they can be polished out. A maximum of four surface scratches on one panel is acceptable.”

The inspector’s photographs show scratching to the front bumper that exceeds that standard and I think the charge MBFS have made is justified.

I’ve considered the amounts that have been charged but I don’t think they are excessive, they seem in line with other charges that I’ve seen other firms make in similar circumstances and have been taken from MBFS’s standard charging matrix.

My final decision

For the reasons I’ve given above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 21 September 2025.

Phillip McMahon
Ombudsman