

The complaint

Mr S complained about end of contract charges for a car supplied on finance by Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance ("MBF").

What happened

Both parties are familiar with the events of this complaint, so I've summarised these here.

MBF supplied Mr S with a used car on a hire purchase agreement in April 2021. The cash price of the car was around £60,000. The car had covered around 7,000 miles since first registration in June 2020. He paid a deposit of around £12,000 and agreed to make 48 monthly repayments of around £480. There was an optional purchase payment of around £29,200.

Mr S decided to return the car instead of making the optional purchase payment. On the day of collection, it was inspected. The report indicated four items, three relating to the wheels and one the sidestep, I've detailed each charge and the cost here.

Wheel LHF – spoke damage – refurb alloy wheel	£110
Wheel RHR – spoke damage – refurb alloy wheel	£110
Wheel RHF – spoke damage – refurb alloy wheel	£110
Sidestep upper RH – scratched – greater than 25mm through the topcoat – small part refinish	£70

Mr S said the inspector assured him that although he had to report the items, he wouldn't be charged as the marks couldn't have been caused by him and were more likely a manufacturing defect. Mr S said he was told not to sign the report which would indicate that he disputed the items and MBF would be in touch.

Mr S said MBF sent him an invoice for £400 with no explanation. He complained to MBF and received an email dated 25 April 2025. He said he then received a revised invoice for £290 with no explanation. He contacted MBF again and said that MBF had a different explanation for the damage. It said the left-hand front wheel damage was because of a tyre change and not his fault, it also removed the charge for the sidestep. But he said it submitted different photos as evidence of different damage to the inspector's findings. He said MBF was now fabricating evidence to prove damage that was actually fair wear and tear for a five-year-old car.

MBF said that it removed the charge for wheel LHF as the damage looked to be caused during the removal of a tyre. It apologised and explained the revised invoice had removed the charge, but it would also remove the trim charge as a gesture of goodwill.

It said the remaining charges had been raised and applied correctly. It said the RHR wheel had spoke damage and the RHF had rim damage which exceeded the 50mm allowance. It said the remaining balance was £220.

Mr S referred his complaint to the Financial Ombudsman. An investigator here considered the complaint. He said that the charges had been applied in line with MBF return standards which were part of the agreement. He didn't think that MBF needed to do anything further to resolve the complaint.

Mr S asked for the complaint to be decided by an ombudsman. In summary he said:

- MBF provided photos that were not part of the inspector's report, and he submitted his own photos taken on the same day.
- The two photos with hand drawn lines claim to show damage but these were marked by someone from MBF who hadn't seen the car.
- Had there been claimed damage the inspector would have put this in the report along with close up photos with a scale to prove the size of the damage.
- He said the damage on the RHR wheel was the same as the wheel that had been removed.
- It seemed that MBF felt the need to invent damage and submitted doctored photos after the complaint.
- The car was inspected in the morning and collected by a different person in the afternoon who also carried out a check to see if anything had changed.
- He had the name and phone number of the inspector and driver, and the car went on to be sold by the retailer.

The complaint has been passed to me to make a decision.

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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it.

Having considered all the evidence and testimony from both parties afresh, I've reached the same conclusion as our investigator and for broadly the same reasons. I'll explain why.

MBF set out in the terms of the agreement that there is an expectation that the car will

be returned in a good condition, and that damage beyond fair wear and tear will be chargeable in line with its own Vehicle Return Standards (VRS). When Mr S entered into the hire purchase agreement, he accepted these terms and conditions. His agreement sets out the VRS and the information is also available on MBF website. The agreement also sets out the consequences if Mr S failed to return the car in line with the VRS. So MBF can apply charges for damage that fall outside of fair wear and tear, as per the VRS.

Although MBF has set its own VRS; in making my decision I've also taken into account relevant industry standards from the British Vehicle Rental and Leasing association (BVRLA). The guidance says that age and mileage are factors which need to be taken into account when considering what would be deemed fair wear and tear. It also broadly says that 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 an impact.

I think Mr S was fairly warned about the terms relating to damage outside of fair wear and tear when he entered into the agreement. I've not seen any evidence that he's raised issues about the quality of the car when it was supplied.

I've gone on to consider the written report completed by the third party and photographic evidence and whether I think each area of damage is in excess of fair wear and tear, and therefore chargeable. In considering the evidence I've also considered Mr S' arguments that the images were doctored, and these images weren't supplied with the inspection report.

Firstly, the report I've seen doesn't include any embedded photos. But I've relied on the images that Mr S sent me that he received. These photos are as I would expect including the ruler to give context as to the size of the damage. But I've also borne in mind that the third party that inspected the car was trained to BVRLA standards and saw the car in person. So as a starting point I've considered that the items detailed on the written report were sufficiently notable for him to record them.

MBF have removed the charge for the scratched sidestep, but it seems it has done this as a gesture of goodwill. The image I've seen shows a faint scratch or scuff on black trim around the door opening. It's difficult to assess this from a photo. The inspector thought it was notable. However, I'm satisfied that it was reasonable for MBF to remove this charge as a gesture of goodwill.

The VRS says *Minor scuffing or damage under 25mm to the vehicle alloy or steel rim edge or wheel face* is acceptable. BVRLA guidance says *any damage to the wheel spokes, wheel fascia, hub of the wheel/alloy is not acceptable. There should be no rust or corrosion on the alloy wheels/wheel hubs.*

The VRS is somewhat more generous than the BVRLA guidance as it does allow for some scuffing or damage under 25mm. I've noted that the VRS doesn't say anything about corrosion.

The report that Mr S received stated that there was spoke damage on LHF, RHR and RHF wheel. MBF removed the charge for LHF wheel as it said this related to where a tyre had been replaced. I have to note that I've not seen any evidence that was how it was caused. Even if it was caused by the removal of a tyre while the car was in Mr S' possession then arguably that would still be his responsibility. But bearing in mind the size looks to be less than the VRS standard, I think it was fair to remove it.

The other two images do appear to show scuffing or damage that is in excess of the standard, some of which looks corroded. The ruler is in place as I'd expect, and it appears

more significant than the item that has been removed. Even before considering the images that are in dispute, I don't think MBF were being unfair in passing on these charges.

I've gone onto consider the disputed photos which were sent to Mr S separately after he complained. MBF were entitled to rely on other images as the agreement and report both explain that further inspections are possible. I think MBF have provided further images to demonstrate that those two wheels in particular were outside the standard. The difficulty here is that the images are poor, and I'm not satisfied that they clearly show different damage rather than scuffs or dirt in the areas that have been circled. Mr S has also shown me his own images which show that the wheels had some road dirt, although they don't highlight the disputed areas. I'm not saying the images have been doctored, the circles imposed are clearly there to indicate the areas where MBF thought there was damage. But I don't think MBF can fairly rely on these later images, or the explanation that the rim was damaged in excess of 50mm. That isn't the explanation that formed part of the report by the inspector, and he's the expert that saw the car. But I don't think it was unfair for MBF to reassess the images, as I've done, as part of considering Mr S' complaint.

Setting aside the later photos, the inspector's report noted each of the remaining charges. He also provided photos which include the ruler as I would expect. The remaining items were noted by the inspector, so I think MBF could have relied on these in isolation. The further images aren't clear enough for me, and the specific description of the rim damage isn't backed up by the description in the report. But I'm more persuaded than not that the amount of damage that I've seen, is more than fair wear and tear for a car of this age and mileage. I think the damage highlighted in the original report would likely lead to repair costs or it would collectively impact the resale value of the car.

I've considered Mr S' testimony about what the inspector said but I don't think he was acting as MBF agent to the extent that his representations could be relied on, he was simply employed as a third party. I'm sorry to hear Mr S said he was given incorrect information about the process. But I have to rely on the written report which said that there was damage. The third party appointed by MBF is one that is recognised in the industry to carry out these assessments and document the damage, and he's seen the car rather than just the photos. It was then for MBF to determine the level of charges, in line with the VRS, and to provide Mr S with an invoice once it had assessed the independent report.

Mr S has also mentioned the communication he received wasn't clear because he got the invoice but had to ask for the report, and he received a revised invoice before he got a full explanation. I accept that isn't ideal as the inspector would normally provide a copy at the time. But Mr S was able to get a copy of the report and carried on to dispute the items, and he did get a response from MBF promptly in the time it was allowed to consider the complaint, albeit one that he disagreed with.

I appreciate my decision will be disappointing to Mr S, but I don't find I have the grounds to instruct MBF to remove any of the remaining charges.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 October 2025.

Caroline Kirby
Ombudsman

