

The complaint

Mr T complains about damage charges applied by Mercedes-Benz Financial Services UK Limited ('MBFS').

What happened

The parties are familiar with the background of this complaint – so I won't go into this in detail. It reflects my informal remit.

In December 2021 Mr T took out a hire purchase agreement with MBFS and returned the car at the end.

MBFS raised an invoice for end of contract damage charges. Mr T disagreed with this and complained. MBFS agreed that some charges had been raised in error. It maintained that the following damage charges were correct:

1. Left Hand Front (LHF) alloy refurbishment - £110
2. Left Hand Rear (LHR) alloy replacement - £913
3. Right Hand Rear (RHR) alloy replacement - £913

However, because it had made an error in raising charges by mistake it offered Mr T a 25% reduction of the total cost.

Mr T refused this resolution and escalated his complaint to this service. In summary, he didn't think the LHR and RHR needed replacing and said they could be refurbished.

Our investigator agreed with this initially. But following additional information from MBFS and Mr T he said the RHR alloy replacement was fair but not the LHR.

MBFS disagreed. In summary, it said the LHR alloy could not be refurbished and required replacement.

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 won't comment on everything the parties have said, only what I consider material– it isn't meant as a discourtesy but reflects my informal remit.

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 having been good industry practice at the relevant time.

In this case I see MBFS has charged Mr T for damage on return of the vehicle. I note the terms of the hire purchase agreement Mr T signed allows it to do this – however, such damage must be 'unacceptable' in accordance with the MBFS Vehicle Return Standards which are incorporated as part of the agreement. This is to reflect damage that is beyond

what is considered reasonable wear and tear.

The BVRLA has produced industry guidance to help determine what a finance company can charge for when a car is returned. This is the starting point for me as it represents good practice across the industry and is fairly detailed. It indicates that minor scuffs and scratches to alloy wheels are acceptable. But dents, holes or scuffs to the trim totalling over 50mm are not. It says any damage to the wheel spokes or alloy hub is unacceptable.

Looking at the provisions regarding alloy wheels in the MBFS guidance these do not appear identical to the BVRLA guidance, but they do indicate minor scuffs and scratches are viewed as OK and larger ones are not.

It seems accepted by all parties that three wheels of the car (as I have detailed above) have damage which exceeds fair wear and tear. With this in mind, and noting the pictures I have seen of the car I don't have reason to come to a different conclusion.

The issue which appears to be in dispute is what MBFS fairly needs to do to rectify the damage so it is this I have focused on.

When Mr T brought this complaint to our service he was not disputing that MBFS could not charge its £110 refurbishment fee for the LHF wheel (and MBFS agrees with this aspect) so I am not going to look into this matter further.

The RHR wheel was in dispute – because MBFS said the wheel needed replacing while Mr T had an expert look at a photo of it and provide a report which said this could be refurbished. However, since then MBFS has provided further photographic details showing the alloy is actually bent. As a result Mr T's expert agreed it likely needed replacing. Mr T appears to agree with this now too. And from what I have seen this appears to be a broadly fair outcome. So I think that MBFS can charge the replacement cost here.

The major point of contention appears to still be around the LHR wheel. I note that MBFS is insistent that the wheel had to be changed to maintain its structural integrity. And it has shown evidence that its third-party damage assessor carried out the replacement and billed MBFS for this.

While I appreciate that MBFS has gone to the length to show that it has genuinely incurred this cost for the replacement alloy – this in itself does not persuasively show that the replacement was a proportionate and necessary action to take here.

MBFS has explained that the picture of the damage to the LHR shows the damage is not just to the outer lip – but further down to the inner lip. It explains that a significant chunk of material is needed to be removed from the alloy in order to repair this– and this is unacceptable from a structural safety point of view. However I note:

- MBFS has not provided clear photos showing the extent of the damage here – namely that the inner lip is also materially damaged. One photo appears to show it might be while another angle appears to contradict that. The fact the area is painted (and the paint has chipped off) means it is harder to differentiate superficial paint damage to MBFS's claimed damage to the structure of the wheel. On the face of it – this seems like damage to the outer rather than the inner lip of the alloy.
- MBFS has provided a video of the refurbishment process for an alloy like this – which appears to show that reasonably deep gouges to the outer lip of the alloy can easily be machined out without replacing the wheel.
- Although the picture shows some damage to the wheel spokes – it is not clear if this is structural and requires a new wheel – on the face of it this seems to be cosmetic

- wear to the paint that can be refurbished.
- Mr T has provided a credible desktop report from an expert which indicates the damage to this wheel can be refurbished. And while I appreciate the expert had not seen close images of the damage, noting my comments above about the quality of the photos MBFS has provided I am not sure further images would have added much to the expert's view here regarding the need for a replacement alloy.
 - MBFS has not provided a detailed and credible expert report explaining why the damage to the alloy here was not repairable without compromising the safety of the wheel with reference to relevant safety standards/manufacture guidance and clear photos and measurements of the claimed extent of the rim damage.

MBFS might consider it is unfair to expect it to provide more than it has done here. However, it should be borne in mind that it is looking to charge Mr T almost £1,000 for the damage. This is a significant amount of money. So here I don't consider it unreasonable for MBFS to have provided more persuasive information than it has done. There is simply too much doubt here for me to say its action is proportionate and fair. So I think that MBFS should apply its refurbishment charge for this wheel.

From what I understand £110 is the standard refurbishment charge that MBFS applies. Although it could argue that this isn't fair in the circumstances here – as the damage is not just on the rim but on the spokes too. I also note Mr T's expert quoted slightly more to refurbish the wheels. However, I have not increased the refurbishment charges here because MBFS has accepted that it made a mistake in charging Mr T initially for front wheel replacements that it never should have done at the outset. So rather than add additional compensation for the initial distress and inconvenience here I think the redress put forward by our investigator is broadly fair and reasonable. Which is to reduce the total damage charges to £1,133 (2x £110 charges for refurbishment and one £913 charge for the replacement of the RHR alloy wheel).

Putting things right

As set out below.

My final decision

I uphold this complaint and direct Mercedes-Benz Financial Services UK Limited to reduce the damage charges to £1,133.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 March 2026.

Mark Lancod
Ombudsman