

complaint

Mr K is unhappy with the charges Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance (MBFS) asked him to pay when he returned a car at the end of a hire purchase agreement.

background

Mr K acquired a new car from MBFS through a 36 month hire purchase agreement. At the expiry of the agreement Mr K returned the car, and was invoiced for a missing spare key at £260 and the missing V5 registration document at £25 - with a total charge of £290 including vat.

Mr K says there was no mention, reminder or request for the spare key or the V5 registration documentation – when he was arranging for collection of the car. And, that he later found both items and returned them to MBFS so the charges shouldn't be applied.

MBFS says the spare key had to be returned with the car and because it wasn't they had it deactivated and a replacement key issued. And this was completed before Mr K returned his copy of the key – so Mr K is liable for this cost. They said they didn't receive the V5 documentation from Mr K, but that if he could provide proof of delivery they'd consider removing this charge. In addition, they offered to reduce the total charges applied by 15% as a gesture of goodwill, meaning the new total payable was £246.50.

Mr K wasn't happy with MBFS' response, so brought a complaint to our service.

An investigator looked into Mr K's complaint and said she felt MBFS had fairly applied the charges for both the V5 documentation and the spare key. She thought this was also in line with both the terms and conditions that Mr K signed as part of his hire purchase agreement and the guidelines set by the British Vehicle Rental and Leasing Association (BVRLA).

Mr K disagreed saying that he had returned the V5 documentation and that he wasn't aware he could incur these charges until he was invoiced for them. He asked for an ombudsman to review his complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The BVRLA has produced industry guidance which includes advice and information for drivers of leased and financed cars. This sets out industry standards around end-of-lease charges and what customers should expect at car return. And I've taken this into consideration, along with what both parties have told us and any evidence they've provided – including the terms and conditions that Mr K agreed to as part of his hire purchase agreement with MBFS, when deciding whether MBFS have acted fairly and reasonably in applying the charges here.

The BVRLA guidance indicates that all vehicle documentation, including the V5C vehicle registration document (where appropriate) amongst other documentation must be intact and in the vehicle on return, along with a full set of keys, including the master key, spares and locking wheel-nut keys.

In addition, Mr K's hire purchase agreement says on page 3 under "vehicle condition terms" *"Keys – You are required to return all keys with the vehicle originally supplied by the manufacturer and failure to do so will result in charge to replace the missing key(s). Registration document V5's – You agree..... to return the registration documentation (V5c) either upon request prior to the end of the agreement as part of the return process of the vehicle, or with the vehicle at the time of collection"*.

What's more, I think Mr K should've been reasonably aware that he would be required to return all keys including any spares at the time he returned the vehicle, along with the V5 documentation and any other important documents that would usually be kept with the car. And that if he didn't then he was likely to be charged, in line with the terms and conditions of his hire purchase agreement.

Also I don't think it's unreasonable that MBFS would've immediately deactivated the spare key, as not doing so may have put the security of their car at risk - as anyone with a key would still have access to the car. So while I appreciate that Mr K returned the spare key at a later date, this should've been done at the time the car was returned to MBFS.

MBFS said it would reconsider the charge for the missing V5 registration document if Mr K could provide proof of delivery. Mr K explained he sent the document first class post, so didn't have any proof of delivery. While I don't doubt Mr K may've sent this back, overall I'm not persuaded that MBFS received this document - so I don't think it was unreasonable for MBFS to apply this charge. But MBFS applied a discount of 15% to the invoice anyway, which reduced the overall total due by more than if they'd waived the charge for the replacement V5 document - which is more than I would've expected them to do.

Having considered everything, I think MBFS have fairly applied the charges for both the missing V5 registration document and the missing spare key – and I won't be asking it to remove any charges.

MBFS have confirmed that the 15% discount it offered is still available and Mr K can settle the invoice for £246.50. Mr K should contact MBFS directly should he wish to accept this.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 18 March 2019.

Lisa Lowe
ombudsman