

complaint

Mr S complains about the amount that he's been charged by Mercedes-Benz Financial Services UK Limited for damage to a car that he returned when his hire purchase agreement ended. He also complains about the service that he's received from it.

background

A used car was supplied to Mr S under a hire purchase agreement with Mercedes-Benz Financial Services that he signed in September 2014. The car was about six months old and its mileage was shown on the agreement as being 5,000 miles. Mr S returned the car when the agreement ended and it was collected and inspected by a third party on behalf of Mercedes-Benz Financial Services in September 2018 and a vehicle condition report was prepared. The report identified a missing registration certificate, damage to three wheels which need to be refurbished, damage to a wheel which needed to be replaced and an incorrect tyre which needed to be replaced. And the report recommended charges totalling £898.68. Mercedes-Benz Financial Services charged Mr S £25 for the missing registration certificate, £873.68 for the damage and £922.88 for excess mileage.

Mr S complained to Mercedes-Benz Financial Services that the inspector had said that there was no damage, he'd asked that the car not be collected if there was damage so that he could deal with it and that he'd returned the car with a sat-nav system that he'd paid to have added to the car. Mercedes-Benz Financial Services offered to reduce the damage charges by 25% so that the total amount due from Mr S would be £1,603.14. But Mr S wasn't satisfied with its response so complained to this service.

The investigator didn't recommend that this complaint should be upheld. He thought that the charges for the missing certificate and wheel damage were fair amounts so he couldn't say that Mercedes-Benz Financial Services had done anything wrong by charging those amounts. He didn't think that it was fair for Mercedes-Benz Financial Services to charge £162.14 for a replacement tyre – but as it had already offered to reduce the damage charge by more than that amount, he said that he couldn't ask it to do anything more.

Mr S has asked for his complaint to be considered by an ombudsman. He says, in summary, that:

- when he spoke to Mercedes-Benz Financial Services he stated that the car wasn't to be taken if he was going to be charged for damage;
- the inspection took place earlier than the return date so the car wasn't out of lease, which would've given him time to deal with any damage if he decided to return the car;
- the inspector said that there would be no damage charges and that his fiancé signed a document confirming that;
- he returned the car with a sat-nav that he'd paid to have added to the car; and
- his fiancé gave the car's registration certificate to the inspector.

my findings

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

Mercedes-Benz Financial Services has charged Mr S £922.88 for excess mileage. He's not complained about those charges so I haven't considered those charges any further.

The hire purchase agreement included the vehicle condition terms and said that the car must be returned in a good and clean condition and that if it wasn't looked after properly and Mercedes-Benz Financial Services suffers a loss as a result the customer will have to compensate it.

Mr S asked for his car to be collected when his hire purchase agreement ended and Mercedes-Benz Financial Services arranged for it to be collected from him in September 2018. It instructed a third party to collect the car on its behalf and the third party then inspected the car and prepared a vehicle condition report. The car's mileage when it was collected was 46,165 miles and the vehicle condition report shows the car's mileage as being 46,176 miles. The report identified damage to all four wheels, an incorrect tyre and a missing registration certificate. The report included photos of that damage and recommended a charge of £898.68 for the damage and the missing registration certificate.

Mercedes-Benz Financial Services charged Mr S for the excess mileage, damage and missing registration certificate but when he complained to it, it offered to reduce the charge for the damage by 25%. And it has accepted that the registration certificate had been supplied when the car was collected.

The report and the photos show damage to the wheels. Three of them are clearly "*gouged*" and need a repair and the other is clearly dented and needs to be replaced. I consider that the damage is more than would be considered to be fair wear and tear in accordance with the British Vehicle Rental and Leasing Association guidelines on fair wear and tear. So I consider that it's fair and reasonable for Mercedes-Benz Financial Services to charge Mr S for the repairs and replacement. And I'm not persuaded that there's enough evidence to show that those charges are unfair or unreasonable. Nor am I persuaded that it's likely that the damage was caused by the third party after the car was collected from Mr S but before it was inspected.

The report also identifies that one tyre is of an incorrect specification. But I'm not persuaded that there's enough evidence to show that the tyre was of an incorrect specification – it looks to me as though it didn't match the other tyres - so I consider that it's not fair or reasonable for Mercedes-Benz Financial Services to charge him £162.14 for that tyre. But the 25% discount on the damage charge that it has already offered to Mr S as goodwill gesture has a value of £218.42 – which is more than the amount that he's been charged for the tyre and the registration certificate. So I'm not persuaded that it would be fair or reasonable for me to require it to further reduce the damage charge.

Mr S says that he's added a sat-nav to the car which has increased its value. But it was his choice to add the sat-nav to the car and he's had the benefit of it when he used the car. It was also his choice not to remove the sat-nav before he returned the car – but he didn't do so. Mercedes-Benz Financial Services says that the terms and conditions of the agreement say that the customer mustn't make any alterations to the car without its prior written consent and that any additions will become its property. I'm not persuaded that it would now be fair or reasonable for me to require Mercedes-Benz Financial Services to pay Mr S any compensation for the sat-nav that he added to the car.

Mr S has complained about the service that he's received from Mercedes-Benz Financial Services. He says that he'd told it not to take the car if he was going to be charged for damage, that the inspector said that there would be no damage charges and that his fiancé signed a document confirming that. But Mr S had asked for the car to be collected – and I'm

not persuaded that it's likely that Mercedes-Benz Financial Services would've agreed that the car wouldn't be taken away if chargeable damage was identified. That's for two main reasons. Firstly, it pays a fee to a third party for it to collect the car - and the fee would've been payable each time that the third party went to collect the car from Mr S. Secondly, the collection report only included an initial assessment of the damage with a more detailed inspection taking place after the car had been collected. I'm not persuaded that there's enough evidence to show that the service that Mr S has received from Mercedes-Benz Financial Services in connection with the collection and inspection of the car has fallen below a reasonably acceptable level.

So I find that it wouldn't be fair or reasonable in these circumstances for me to require Mercedes-Benz Financial Services to reduce the charge that it's made to Mr S, to pay him any compensation – or to take any other action in response to his complaint.

my decision

For these reasons, my decision is that I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 November 2019.

Jarrold Hastings
ombudsman