

The complaint

Mr C complains about damage fees that Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Financial Services (“MBFS”) is seeking the payment of from him.

What happened

In November 2019 Mr C entered into a hire purchase agreement with MBFS for a car.

In November 2023, after the agreement had come to an end, the car was inspected and collected from Mr C.

In November 2023 MBFS invoiced Mr C £1,487.20 in damage fees, later reduced to £1,075.00. The sum of £1,075.00 can be broken down as follows:

• bumper front scratched	£210.00
• door left hand front dented	£260.00
• door shut inner right hand front dented	£130.00
• quarter panel left hand rear dented	£35.00
• wheel left hand front rim damaged	£110.00
• wheel left hand rear rim damaged	£110.00
• wheel right hand front rim damaged	£110.00
• wheel right hand rear rim damaged	£110.00
• total	£1,075.00

Unhappy with what he was ultimately charged in damage fees Mr C complained to MBFS.

In December 2023 MBFS issued Mr C with a final response letter (“FRL”). Under cover of this FRL MBFS said it stood by its decision to charge Mr C £1,075.00 in damage fees.

In January 2024, and unhappy with MBFS’s FRL, Mr C referred his complaint to our service.

Mr C’s complaint was considered by one of our investigators who ultimately came to the view that MBFS could fairly and reasonably charge Mr C £1,040.00 in damage fees. The sum of £1,040.00 can be broken down as follows:

• bumper front scratched	£210.00
• door left hand front dented	£260.00
• door shut inner right hand front dented	£130.00
• wheel left hand front rim damaged	£110.00
• wheel left hand rear rim damaged	£110.00
• wheel right hand front rim damaged	£110.00
• wheel right hand rear rim damaged	£110.00
• total	£1,040.00

MBFS agreed with the investigator's view but Mr C didn't. And because of the latter Mr C's complaint has been passed to me for review and 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.

Having done so I can confirm that I've come to the same overall outcome as the investigator and for broadly the same reasons. There is also very little I can usefully add to what has already been said.

Although it doesn't appear to be in dispute, on signing the agreement Mr C accepted the following terms and conditions:

"You must return the vehicle together with everything supplied with the vehicle to us at your own expense (in accordance with the Vehicle Return Standards). If you fail to take reasonable care of the vehicle you will have to pay our costs of repairing and/or refurbishing the vehicle."

"If upon return of the vehicle, the vehicle is not returned together with everything supplied with the vehicle does not meet the Vehicle Return Standards, or any additions, alterations or replacements have been made which negatively affect the value, then you will compensate us for any loss we may suffer. This includes any loss incurred whereby you have failed to maintain the vehicle in accordance with the manufacturer's guidelines."

So with the above in mind I'm satisfied that on the car's return MBFS had the right to charge, and Mr C had an obligation to pay, for any damage to the car deemed to be beyond fair wear and tear.

In considering what constitutes fair wear and tear I've had regards to the guidelines issued by the British Vehicle Rental and Leasing Association ("BVRLA") and MBFS' own vehicle return standards.

bumper front scratched £210.00

In respect of paintwork, vehicle body, bumpers and trim (scratches) the BVRLA guidelines state:

"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."

In respect of the same MBFS's vehicle return standards state:

"Body and paint – acceptable:

- *Light surface scratches not through the top coat which can be removed by polishing/touch up*

Bumpers and body mouldings – acceptable:

- *Scuff marks up to 50mm (2"), which do not adversely affect the overall appearance of your vehicle."*

I've looked at the inspection report photograph in support of this fee and I'm satisfied that it shows scuff marks in excess of 50mm. So taking everything into account I'm satisfied that this is damage that MBFS can fairly and reasonably charge Mr C for.

door left hand front dented £260.00 and door shut inner right hand front dented £130.00

In respect of paintwork, vehicle body, bumpers and trim (dents) the BVRLA guidelines state:

"Dents of 15mm or less in diameter are acceptable provided there are no more than two per panel and the paint surface is not broken"

In respect of the same MBFS's vehicle return standards state:

"Body and paint – acceptable:

- *Minor body dents, typically those caused by door-to-door contact provide that:
 - a) *they are less than 13mm (1/2") in diameter – maximum 1 dent per panel..."**

I've looked at the inspection report photographs in support of these fees and I'm satisfied that they show dents in excess of 15mm. So taking everything into account I'm satisfied that this is damage that MBFS can fairly and reasonably charge Mr C for.

wheels rims damaged £440.00

In respect of tyres and wheels the BVRLA guidelines state:

"Dents on wheel rims and wheel trims are not acceptable.

Scuffs up to 50mm on the total circumference of the wheel rim and on alloy wheels/wheel hubs are acceptable.

Any damage to the wheel spokes, wheel facia, or hub of the wheel/alloy is not acceptable..."

In respect of the same MBFS's vehicle return standards state:

"Wheels and tyres – acceptable:

- ...
- *Minor scuffing or damage under 25mm to the vehicle alloy or steel rim edge or wheel face."*

I've looked at the inspection report photographs in support of this fee and I'm satisfied that they show scuffs in excess of 50mm on the total circumference of all four wheels. So taking everything into account I'm satisfied that this is damage that MBFS can fairly and reasonably charge Mr C for.

Having concluded that MBFS is entitled to charge for all seven items of damage that it has, I've gone on to consider whether a sum of £1,040.00 for this damage is fair and reasonable.

While I appreciate that £1,040.00 is a lot of money, I don't find I've the grounds to say the individual fees are unfair. And while Mr C might think the fees are excessive, there's nothing in the agreement or the BVRLA guidance that says MBFS can't charge what it would cost a manufacturer garage (for example) to rectify the damage. These fees seem to be in line with that.

So while I sympathise, I'm satisfied that MBFS can fairly and reasonably seek payment of £1,040.00 from Mr C.

My final decision

My final decision is that Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Financial Services must reduce, as it has agreed to do, the sum it's seeking payment of from Mr C (in respect of damage fees) by £35.00 to £1,040.00. And in the event Mr C has already paid more than £1,040.00 (in respect of damage fees) then Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Financial Services must refund to Mr C the sum he has paid (in respect of damage charges) in excess of £1,040.00.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 August 2024.

Peter Cook
Ombudsman