

The complaint

Mr C complains about the charges Mercedes-Benz Financial Services UK Limited (“MBFS”) applied when he returned a car after his hire purchase agreement concluded.

What happened

Mr C entered into a hire agreement with MBFS in May 2020. The agreement ended in November 2023 and Mr C returned the car. Mr C is unhappy with the end of contract charges that were applied when he returned the car. Mr C told us that although he agreed with some of the charges, others related to damage he considered to be fair wear and tear or were not visible.

Mr C complained to MBFS about the charges. MBFS largely rejected this complaint. It said the car was collected on 17 November 2023 following an inspection by a third party. MBFS said its *Vehicle Returns Standards* (“VRS”) document detailed the expected return condition of Mr C’s car. It said the pricing matrix it had supplied to Mr C at the start of the finance agreement provided details of the expected cost of any repairs. And it said Mr C had had opportunity to familiarise himself with its fair wear and tear expectations.

MBFS said it was satisfied that the damage it had identified was clearly evidenced and had been charged in accordance with the *Vehicle Returns Standards* and the pricing matrix. And it confirmed that the outstanding charges were around £1,450. It did, however, reduce the balance by £50 to reflect a delay by the third party collection agent on the day of collection.

Dissatisfied with MBFS’s response, Mr C brought his complaint to this service.

When our investigator first looked at his complaint she thought that some of the charges were unfair and she explained this to both parties. MBFS provided further evidence in the form of clearer photographs of the damage which our investigator reviewed. Having done so, she changed her mind and concluded that all of the charges imposed by MBFS were fair. She wrote again to both parties to explain this.

Mr C didn’t agree with this outcome and so he asked for his complaint to be reviewed by an ombudsman. The complaint has been passed to me to decide.

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’ve reached the same conclusion as our investigator and for the same reasons. I will explain my decision.

The terms and conditions of the agreement, signed by Mr C, sets out in some detail the acceptable return condition of the car. It clearly explains that an assessment will be made in

line with the VRS and it sets out what the acceptable conditions are, with examples, and what conditions are unacceptable. It goes on to explain that the customer will have to pay MBFS's costs of repair or refurbishment if the customer fails to take reasonable care of the vehicle. I've read this carefully, and I'm satisfied that Mr C was responsible for returning the car in good condition, but the question is whether all the charges applied by MBFS are fair and reasonable. Mr C submits that the damage in question is fair wear and tear for a vehicle of that age.

MBFS's inspection identified eight areas of damage or missing items. Of these, Mr C does not dispute two of them – damage to the front left tyre and missing tyre sealant. There are six remaining areas which MBFS considers to be areas of damage that it deems to be unacceptable - outside fair wear and tear – and for which it expects to charge a total of £1,270.97

1. Front bumper – dent and scratch marks	£260
2. Literature pack – missing	£115.75
3. Rear door L – scratched	£210
4. Roof – bird lime through top coat	£210
5. Front alloy L – damaged	£365.22
6. Rear alloy R – damaged	£110

Mr C concedes that the literature pack was missing and says that it may have been retained by a garage when he had it serviced. As the pack is missing, I am satisfied the charge is fair.

I've considered the VRS that were in place at the time Mr C signed his hire agreement. These say the following is acceptable:

- Wheels and tyres – Minor scuffing or damage under 25mm to the vehicle alloy or steel rim edge or wheel face.
- Bumpers – scuff marks up to 50mm which do not adversely affect the overall appearance of [the] vehicle.
- Body and paint – Minor body dents typically those cause be door-to-door contact, provided that they are less than 13mm in diameter – maximum one dent per panel to maximum of four dents for vehicles over two years old. Any chipping of paintwork that can be attributed to normal usage, eg chips cause by stones flying off public road surfaces provided that they do not penetrate the vehicle base coat nor show signs of corrosion.

And the following is unacceptable:

- Wheels and tyres – Cracked or distorted wheel trims. Scuff chips and scratches exceeding 25mm.
- Bumpers – discoloured, loose, cracked, distorted, gouged or split bumpers...that require replacement, plastic welding or painting. Dented bumpers and/or any dents penetrating through to the base material where painted.
- Body and paint – any chipping and scratching of paintwork that has penetrated the base coat and/or has caused corrosion of any kind which cannot be polished out.

The agreement states that if the vehicle is returned not in accordance with the VRS then Mr C must pay MBFS's costs either of repairing and/or refurbishing the vehicle or the cost of the consequent reduction in the sale value of the vehicle as compensation. The decision to repair the vehicle or not repair the vehicle rests with MBFS.

However, fair wear and tear guidelines have been issued by the British Vehicle Rental and Leasing Association (BVLRA) and these are accepted as an industry standard in determining whether any damage goes beyond fair wear and tear. So, I've also taken these into account alongside MBFS's own VRS when deciding what is fair and reasonable for MBFS to charge Mr C.

I've looked carefully at what it says in regard to the areas identified by MBFS. It says:

- Wheels – *“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 fascia or hub of the alloy wheel is not acceptable”.*
- Paintwork, vehicle body, bumpers and trim – *“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. 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.”*

Having considered both MBFS's own standards and the BVLRA guidance I make the following findings:

Front bumper – dent and scratch marks

MBFS has charged only for the dent. It did not charge separately for the scratches, presumably as the whole bumper needed work and it chose only to charge the single, higher amount to rectify the dent. Having looked at the images (specifically images 19, 20 and 43) I can see that while the dent is smaller than 13mm, the paint surface is broken which means it falls outside fair wear and tear guidelines for both sets of standards.

Rear door L

Having reviewed images 26 and 27 supplied by MBFS I am satisfied that there is a scratch of around 40mm which has penetrated to the base coat. On both MBFS's and BVLRA's standards I am satisfied that this is chargeable.

Roof – bird lime

There is clear and extensive damage to the paintwork on the roof indicative of bird lime which has not been quickly removed. Bird lime damage is distinctive in appearance, and I am satisfied this is the cause. I am satisfied that under both sets of standards the damage is chargeable.

Front alloy L

Having reviewed images 8 and 9 I can see that there is clear gouging to the rim of the alloy wheel. This is not acceptable under either set of standards. So, I am satisfied this damage is chargeable.

Rear alloy R

Having reviewed image 11 I am satisfied that there is damage to the spoke of the alloy wheel. This is unacceptable under both sets of guidelines and so I am satisfied the damage is chargeable.

In summary, having reviewed all of the damages using both MBFS's vehicle return standards and BVRLA guidelines I am satisfied that the damage to the vehicle exceeds fair wear and tear and charges MBFS has made are fair.

My final decision

My decision is that I do not uphold this complaint. It follows that I do not direct Mercedes Benz Financial Services UK Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 September 2024.

Sally Allbeury
Ombudsman