

The complaint

Mr J complains about charges Mercedes-Benz Financial Services UK Limited (MBFS) asked him to pay after he had returned a van he had been hiring through a finance agreement with them.

What happened

Mr J took receipt of a new van in May 2020. He financed the deal through a hire agreement with MBFS.

He returned the van at the end of the agreement but was surprised to subsequently receive a bill for refurbishment of damage that MBFS said was present.

He complained to MBFS. They explained that they had inspected the car when it was collected, and they thought the charges were all in excess of the wear and tear guidance. They didn't agree to remove any charges but they offered Mr J £50 compensation as they noted the car hadn't been collected when promised.

Mr J referred his complaint to this service, but our investigator agreed that the charges for refurbishment of the damage to the van had been fair. He didn't think the compensation MBFS had offered was sufficient, however, and he thought they should provide a further £100.

MBFS agreed with that resolution, but Mr J didn't. He asked for a final decision by an ombudsman.

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 know it will disappoint Mr J, but I agree with our investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr J acquired his van under a hire agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The terms of the finance agreement held Mr J responsible for keeping the van in good condition. He would be responsible for any damage if the van wasn't returned in the correct condition.

MBFS have their own commercial Vehicle Return Standards (VRS) but the industry guidelines for what is considered fair wear and tear when vehicles are returned at the end of their lease, is provided by the British Vehicle Rental and Leasing Association (BVRLA) in their Fair Wear and Tear Guide: LCV's. I think it's only fair to consider that standard (as it applied at the time of inspection) in tandem with the VRS, when considering if the damage in the inspection reports can fairly be considered to be beyond normal wear and tear and chargeable.

I've considered the photographs of the damage in the inspection report and compared the damage to the two standards.

Scratches

The BVRLA says:

"scratches and abrasions of 50mm or less are acceptable provided the base metal or material is not exposed or rusted"

MBFS say that their VRS is the same.

Offside Front Door

The photographs show scratches to the inside door shut which exceed 50mm; there is bare metal showing. There are also scratches to the area around the door handle which exceed 50mm. I think this charge is, therefore, fair.

Offside front wing

There is a deep scratch to the wing that exceeds 50mm. I think the charge is fair.

Inside roof

While the BVRLA guidance for light commercial vehicles recognises that some areas such as the interior of the van may be subject to heavy wear, in relation to scratches the tolerances allowed are the same as for the exterior paintwork. There is significant scratching to the inner roof that exceeds the 50mm limit and I think a charge is reasonable.

Dents

The BVRLA says:

"Dents of 15mm or less in diameter are acceptable provided the base metal or material is not exposed or rusted".

MBFS say that their VRS is the same.

Roof

There are several small dents to the roof with damage to the metal underneath. The charge is reasonable.

Offside front door

There are several dents that all appear to be over 15mm. I think the charge is reasonable.

Offside cargo door

I'm not persuaded that the photographs show the dents are in excess of 15mm but they do show a large scratch that is through to the bare metal and I think the refurbishment charge that has been levied is, therefore, a fair one.

Other damage charges

Seat cover

The BVRLA guidance says there must be no rips or tears and so does the VRS. There is significant fraying and tearing of the driver's side seat cushion. I think a charge is fair.

Light cluster

The BVRLA says that minor scuffs and scratches to lamps and lenses of 25mm or less is acceptable. The lamp has a large crack in it that is in excess of 25mm and I think the charge is reasonable.

Overall, I think the charges that have been levied by MBFS for refurbishment are reasonable and in line with industry guidelines. I know Mr J has suggested that MBFS promised him they would remove some of the charges but, having listened to the calls that have been provided by MBFS I haven't heard that to be the case. They did explain that they were looking to see if a charge could be removed, but they didn't confirm that was what they would do.

Compensation

Mr J clearly had some problems when trying to book the collection of his van. Initially the collection agent didn't turn up and I think that would have been inconvenient for Mr J as he would have put time aside to be present and had to call MBFS and the collection agent to make alternative arrangements. There was a lack of clarity about those new arrangements as the inspection wasn't confirmed until the morning of the visit. I think that would also have been inconvenient for Mr J who would have needed to make last minute arrangements.

I don't think £50 is sufficient compensation in those circumstances, and I think MBFS should pay him a further £100.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell Mercedes-Benz Financial Services UK Limited to pay Mr J an additional £100 compensation (making a total of £150) in respect of the distress and inconvenience caused.

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

Phillip McMahon
Ombudsman