

The complaint

Mr M complains about end of contract charges when his hire agreement with Mercedes-Benz Financial Services Limited ended.

What happened

In December 2019 Mr M was supplied with a car and entered into a hire agreement with MBFS.

The agreement was extended twice and ended in October 2022.

Mr M expected the car to be collected on 24 October 2022, but it wasn't collected until 4 November 2022.

Following collection, the car was inspected. MBFS asked Mr M to pay charges for damage which it said went beyond acceptable wear and tear, and for additional days hire.

Mr M disputed the charges. MBFS partially upheld the complaint. It said it would remove the additional days hire charges because there was an agreed contract extension. However, MBFS said the charges had been applied correctly.

Mr M remained unhappy and complained to this service. He said that because of the delays in collecting the car, he'd incurred extra costs on fuel, insurance and cleaning the car. He also said he'd taken time off work unnecessarily. To put things right Mr M wants MBFS to remove the charges.

Our investigator didn't uphold the complaint. He said that MBFS had applied the charges for damage fairly. He also said that he hadn't been able to find any record of the car being booked in for collection on 24 October 2022, only on 4 November 2022. In relation to the cost of fuel and insurance, the investigator said that Mr M would have had to pay insurance and fuel for whichever car he was driving at the time. In relation to cleaning the car, the investigator said that Mr M was under an obligation to return the car in clean condition, so it wasn't reasonable to ask MBFS to meet the cost.

Mr M didn't agree. He said he'd expected the car to be collected on 24 October because this is what he'd agreed with the representative. He said he'd been obliged to insure the car in November because it hadn't been collected. Mr M asked this service to listen to the call he'd had with the representative.

The investigator asked MBFS to provide the call, but MBFS said it didn't hold a record of the conversation.

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'm unable to uphold the complaint. I'll explain why.

I've reviewed the agreement. This says that when the car is returned it must meet MBFS's vehicle returns standards. Details of these are set out in the agreement. The agreement also says that Mr M would have to pay charges if he returned the car with damage which exceeds the vehicle returns standards.

Mr M agreed to the terms and conditions when he signed the agreement. So, I'm satisfied that MBFS was allowed to charge for any damage which exceeded the relevant returns standards.

I've gone on to consider whether the damage charged for exceeded that which was allowed under the vehicle returns standards. I've looked at the inspection report and the photos. Having done so, I'm satisfied that all of the damage exceeds the allowable damage set out in the vehicle returns standards. So, I'm satisfied that it's fair for MBFS to charge for the damage.

I've considered the points made by Mr M about fuel, insurance and cleaning. I haven't considered the extra days hire charges because MBFS has already removed these.

I appreciate that Mr M says it was agreed that the car would be collected on 24 October 2022. He says he made himself available throughout the week waiting for the car to be collected, but it wasn't collected, which is when he incurred the extra costs.

I've reviewed the contact notes provided by MBFS. These nothing to suggest that a collection was booked for 24 October 2022. Mr M has asked this service to listen to the telephone call between him and the representative in which he agreed a collection date of 24 October 2022. Unfortunately, MBFS hasn't been able to provide this call. Because of the lack of evidence, I'm not able to safely conclude that a collection was arranged on 24 October 2022. But even if it was, the extra days hire that would have been charged until the car was collected on 4 November 2022 have already been removed by MBFS, which I think is fair.

In relation to fuel, there's nothing in the agreement which says that the value of any fuel left in the car will be refunded to the customer. It was up to Mr M how much fuel he left in the car. In any event, there's no record of how much fuel was in the car when it was returned, so I can't be satisfied that there was any fuel. And Mr M had the use of the car up until the day it was collected, so he had the opportunity to use any remaining fuel. For these reasons, I'm unable to ask MBFS to refund the cost of any fuel.

In relation to insurance, Mr M would've had to pay to insure any car he was driving at the time, so whilst I appreciate his frustration at having to insure the car for longer than he expected, I don't think this is a cost which I can fairly ask MBFS to reimburse.

In relation to cleaning, the agreement says that Mr M has to return the car in clean condition. So, Mr M would've had to clean the car himself or arrange to have it cleaned in any event, and irrespective of any delay in the car being collected.

Taking everything into account, and for the reasons I've explained, I'm unable to uphold the complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 September 2023.

Emma Davy
Ombudsman