

The complaint

Mr R has complained about damage charges applied by Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance (MBFS) under a hire agreement.

What happened

In December 2018 Mr R acquired a new car under a four-year hire agreement with MBFS. Normal rentals were around £300 per month. Mr R arranged for the car to be handed back in December 2022. It was inspected with Mr R on 21 December 2022, and then it was inspected again on 3 January 2023.

MBFS wrote to Mr R to say he owed £2,668.12 for damage charges because the car had been returned outside of its vehicle return standards. Mr R complained and MBFS reduced the charge. I've calculated the balance to be £2,193 which is made up of the following:

Bonnet dented	£260
Bumper front scratched	£210
Bumper rear scratched	£210
Door left hand front dented	£260
Door left hand rear dented	£260
Door shut inner left hand front dented	£130
Door shut inner right hand front dented	£130
General interior too dirty	£48
Quarter panel left hand rear dented	£260
Spare key missing (gloss black type)	£335
Tailgate dented	£90

Mr R referred his complaint to our service to consider. To summarise his complaint he said when the car was first inspected on his drive the inspector listed damage that totalled around £1,400. He said one item noted as an unsatisfactory repair had been completed a week previous at a cost of £580. Mr R said he was told another inspection would be carried out to verify the charges. Mr R said the car was driven a considerable distance to the collection centre and it was stored for some time before the second inspection. He says he's only willing to pay for damage that was present on his drive. He said the inspector was very thorough and that he shouldn't have to pay more than what was highlighted. He also says he continued to dispute the charges to clean the boot along with damage caused to the door shuts because he says this was caused by the seatbelts not retracting properly. Therefore, Mr R says the invoice should be around £900. This was in relation to the spare key; bumper front scratched; left hand door dent; and left-hand rear quarter panel dent.

One of our investigators looked into things. He initially said the charge for the bonnet and the left-hand front door should be removed. But after hearing back from MBFS he thought the bonnet charge was fair. MBFS disputed removing any charges.

I issued a provisional decision that said:

Mr R acquired the car using a regulated consumer hire agreement, and our service is able to

consider complaints relating to these sorts of agreements.

The car was new when it was supplied to Mr R, so I think it's reasonable to assume it was supplied free from even minor defects. Therefore, any damage that was on the car when it was returned would've likely happened during the time it was with Mr R.

Damage Charges

I note the vehicle return standards are set out within the hire agreement itself. The agreement sets out that when the car is returned it must be in line with the vehicle return standards. And it also says if the vehicle has not been returned within those standards MBFS is able to charge costs for either repairing and/or refurbishing the vehicle, or the cost of the consequent reduction in the sale value of the vehicle, as compensation. It also says When the vehicle is returned to us, a Vehicle Return Standard Inspection will be carried out by trained technicians at the nominated Defleet Centre.

As a starting point, I'm satisfied that by signing the agreement, Mr R agreed to the terms. I therefore don't find MBFS is acting unfairly by applying charges for damage that falls outside of fair wear and tear, as per the return standards. Moreover, I don't think MBFS acted unfairly by carrying out another inspection at the Defleet Centre.

I've gone on to think about whether (or not) the damage falls outside of those standards. Before I do that, I'll highlight what the vehicle return standards says about the sort of damage MBFS is seeking to charge for.

With regards to body and paint it says minor dents are acceptable provided that they're less than 13mm in diameter, there's a maximum one dent per panel, up to two dents per vehicle up to two years old, or four dents for vehicles over two years old. Dents on high profile panels like the bonnet or wheel arches aren't acceptable. Light surface scratching not through the topcoat which can be removed by polishing or touch up is acceptable. It says any excessive chipping or scratching of paintwork that's penetrated the base coat isn't acceptable. It also says dents on swage lines, folder edges or high-profile panels aren't acceptable.

For previous repairs it says there can't be evidence of poor colour match; ripples; preparations marks; visible overspray; masking lines; or excess dirt in paint.

The vehicle return standards say scuff marks up to 50mm are acceptable as long as they don't affect the overall appearance of the vehicle.

They also say that light soiling from normal use is acceptable for the luggage area. And that all items originally supplied with the car such as the keys must be returned.

Bonnet dented

There's a photo on the first report that shows a chip on the bonnet that looks like it's penetrated the base coat. And the second report shows what looks like a dent on the bonnet, which as I've set out above is a high-profile panel. So I think both reports indicate there was damage that was outside of fair wear and tear. And I don't find the charge of £260 to be unreasonable.

Bumper front scratched

I think both sets of reports show damage to the bumper that would be considered outside of fair wear and tear. I can see scuffs, chips and scratches that I don't think can be polished

out. There's damage across different areas of the bumper and I find the charge of £210 to be reasonable as well.

Bumper rear scratched

Both reports show lots of scratches on the rear bumper. I can't see the scratches have penetrated the base coat, but the scratches don't look like they can be polished out. I think the charge of £210 seems reasonable.

Door left-hand front dented

The first report highlights an unsatisfactory repair on the left-hand front door. And the second report has photos of what it says is a dent and an unsatisfactory repair. The photo of the dent on the second report isn't that clear in my opinion. But it looks like the first report at least shows there's rippling in the paint, most likely due to the previous repair Mr R mentioned. While I appreciate Mr R has said he had the damage repaired at a reputable body shop the presence of ripples means I think this falls outside of fair wear and tear as per the vehicle return standards he agreed to. Even though MBFS charged for a dent, an unsatisfactory repair charge is £310. So I don't think the charge it applied of £260 is unreasonable.

Door left-hand rear dented

Both reports have a photo of a dent on the left-hand rear door. And I think the first report shows it's clearly over 13mm in diameter. So I think this is enough to show this is outside of fair wear and tear. And I don't find the charge of £260 to be unreasonable.

Door shut inner left-hand front dented

Both reports show damage to the left-hand front inner door shut. I can see what looks like a scratch that's penetrated the base coat, and the second report shows a dent that I think is over 13mm. So I think there's enough to show there's damage outside of fair wear and tear and I don't find the charge of £130 to be unreasonable.

Door shut inner right-hand front dented

I can't see a dent clearly on the photo from the first report of the right-hand front inner door shut but the second report shows a dent that I think is over 13mm. I think this matches up with what looks like a dent on the video linked to the first report. So I think this shows there's damage outside of fair wear and tear and I don't find the charge of £130 to be unreasonable.

General interior too dirty

I think both reports show soiling that is more than light in the boot area at least. I think this would fall outside of fair wear and tear as well. And I don't find the charge of £48 to be unreasonable.

Quarter panel left-hand rear dented

Both reports show a dent on the left-hand rear quarter panel which is over 13mm. So I think this falls outside of fair wear and tear as well. And I don't think a £260 charge is unreasonable.

Spare key missing

Mr R hasn't disputed the spare key was missing. I don't find the charge of £335 for this to be unreasonable.

Tailgate dented

Both reports show a dent on the tailgate that looks like it's over 13mm. So I think this falls outside of fair wear and tear as well. And I don't think a £90 charge is unreasonable.

Having considered everything, I think there's enough to show on the first report that all areas of damage that MBFS has charged for were present. So I don't have the grounds to say that the damage happened after the car was collected from Mr R. I've not seen enough to demonstrate there was an inherent fault with the seatbelt that led to damage on the door shuts. I appreciate Mr R is unhappy the damage charged for increased after the second inspection. But MBFS assessed the damage and set out what it ultimately wanted to charge for. As I've found the damage was likely caused during Mr R's possession, and that from looking at both reports, the damage was outside of fair wear and tear as per the vehicle return standards he agreed to, I don't think MBFS acted unfairly by raising the charges that it did. But I can of course understand why Mr R is disappointed.

Therefore, in all the circumstances, while I sympathise with Mr R that cumulatively this is a lot of money, I don't find I have the grounds to say the individual charges are unfair. The damage would cost money to repair, or it would likely impact the resale value of the car. So I'm not intending to direct MBFS to take any further action.

I can't see we received a response from MBFS. Mr R responded to say he was happy to take responsibility for the damage that occurred during the time he had possession of the car but not the damage after. He said this had been ignored.

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 thank Mr R for his response. As I explained in my provisional decision, I'm satisfied I've seen damage present on every part of the car that MBFS is charging for, on the first report. This was either through the photos or video attached to the report. I've also explained why I thought the overall charges for each area of damage were fair as well. I've not seen that MBFS is applying an unfair charge for something that likely happened after the car was collected.

MBFS arranged for an agent to collect the car from Mr R and carry out the report. I appreciate it would have been better had the agent set out the actual charges for all of the damage on the first report. But I've explained in my provisional decision why it wasn't unreasonable for a second report to be carried out. MBFS is then allowed to decide what to charge. I've weighed up the evidence and found the charges relate to damage that occurred while the car was in Mr R's possession, and that those charges are fair. While I know he'll be disappointed, I don't find I have the grounds to direct MBFS to remove charges.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 November 2023.

Simon Wingfield
Ombudsman