DRN-4229390

The complaint

Mr O complains about a hire agreement he had with Mercedes-Benz Financial Services UK Limited (MBFS). He is unhappy about being charged for damage to the vehicle when it was returned at the end of the agreement.

What happened

Mr O took out a motor hire agreement with MBFS in 2018. In return for making the agreed monthly rentals, Mr O had use of the car throughout the agreement term. The terms and conditions of the hire agreement between Mr O and MBFS included, amongst other things, a requirement that Mr O take reasonable care of the car. The agreement set out vehicle return standards, which refer to what damage would or would not be acceptable on the car when it was returned. It should have been clear from the agreement terms that if the car was returned with damage that MBFS considered to be beyond fair wear and tear, Mr O may be liable for additional charges.

Mr O did incur additional charges when the car was returned, because of damage, and he complained to MBFS about this. Unhappy with MBFS's response, Mr O referred his complaint to our service where the investigator set out why they did not consider the complaint should be upheld. Mr O remained unhappy and the complaint has now been referred to me for a final 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.

I have considered the terms of the hire agreement between Mr O and MBFS and I am satisfied this sets out certain requirements around the condition of the car when it is returned at the end of the contract hire period. The vehicle return standards section of the agreement refers to this in detail and sets out what is or isn't considered acceptable damage for the different parts of the car. There seems to be no dispute about these terms, but Mr O has argued he is being charged money for extra damage that he did not cause. Mr O refers to the fact the car was collected and the damage was not highlighted at that time. I understand Mr O considers this to demonstrate the damage was not actually there when the car was collected and because of this he should not be liable for any repair costs.

I accept that it may have been preferrable for any chargeable damage to have been highlighted and agreed with Mr O at the time the car was collected. The absence of a signed acknowledgement from Mr O does not however in my view mean that MBFS should be prevented from applying an additional damage charge, where damage is established. The car was I understand collected on 30 June and the chargeable damage was then identified in the inspection that took place shortly after on 2 July. I accept it is possible the car was damaged after it left Mr O's possession, but consider that unlikely in this instance.

The car was inspected 3 days later and multiple areas of damage were identified on the inspection. I consider it highly unlikely that this amount of damage would have occurred in

this short amount of time, compared to the considerable amount of time Mr O had the car. I'm satisfied on balance that the damage was present when Mr O returned the car, albeit not noted until the inspection on 2 July.

MBFS reduced the original damage charge invoice from £1,585.39 to £944 and after some more recent discussion, it has reduced this further by another £225 after I questioned some of the damage charges. MBFS has referred to the damage to the LHF door and that as the paint damage is not clear, it has reduced the damage charge for that item to £35.

I have considered the specific terms of the vehicle return standards against the areas of damage MBFS is now charging for and I am satisfied the damage areas exceed the acceptable levels of damage permitted under the terms of the agreement. I appreciate Mr O is unhappy about the damage charges but the condition of the car when it was returned is likely to impact on the resale value of the car, with a damaged car generally costing less than an equivalent car that is without damage. I do not therefore consider it unreasonable for MBFS to apply a charge for the areas of damage.

I have considered the individual and overall charges for the areas of damage and while I appreciate they still amount to in excess of £700, they are not in my view unreasonable or excessive in the circumstances here. There are multiple areas of damage to different parts of the car and will take some considerable time and effort to repair. Or, will likely have an impact on the resale value if the car is sold without being repaired. I am not persuaded there are sufficient grounds to instruct MBFS to reduce the final total charge any further than it has already done.

In summary, I'm satisfied on balance the car was damaged when Mr O returned it and the amount MBFS is now seeking to cover the cost of the multiple areas of repair, or the impact on the resale value, is not unreasonable. I accept that my decision will come as further disappointment to Mr O but I simply leave it Mr O to now reconsider whether he is willing to pay the £719 due. Should he wish to continue his dispute with MBFS Mr O will need to do so through alternative avenues, such as the courts.

My final decision

My final decision is that I do not uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 22 November 2023.

Mark Hollands
Ombudsman