

The complaint

Mr T is unhappy that Mercedes-Benz Financial Services UK Limited is pursuing him for an incorrect outstanding debt after returning a vehicle under a hire agreement.

What happened

The background of this complaint is well known to both parties. So, I'll summarise the key points I've focused on within my decision.

- We investigated a complaint under reference [REDACTED] in 2020 concerning the outstanding balance owed by Mr T after returning a vehicle under a hire agreement.
- Our opinion on that complaint was issued on 18 October 2020 and it was agreed that the charges be reduced to £615. Both parties agreed to this and Mercedes were expected to contact Mr T to arrange settlement.
- However, Mr T didn't hear anything from Mercedes until 14 months later with the full amount was being requested and the threat of debt collectors if this wasn't paid.
- Our investigator has tried to mediate with Mercedes and received confirmation that what is owed should only be the reduced amount of £615. And whilst Mr T is still liable for this, she expressed to Mercedes that their actions 14 months later would clearly be distressing for Mr T. However, despite numerous requests, our investigator didn't receive a response from Mercedes or even their file in respect of this complaint. She therefore issued her view on the information available and awarded £300 compensation.
- As Mercedes haven't responded, the complaint has therefore been passed to me, an Ombudsman, to make 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 understand from Mercedes that the debt was overlooked and picked up in an audit. However, it says it sent a final statement to Mr T saying it would reduce charges to £661.50, when it didn't receive an agreement back from Mr A to accept the offer, it therefore chose to pursue the debt for the full amount. This is clearly going against the agreed settlement of reduced charges of £615 that was issued by us in October 2020 and both parties agreed to.

Chasing for the full debt 14 months later has been distressing for Mr T especially as Mercedes have taken the steps to use a debt collector. I feel this action was unnecessary in the circumstances. I therefore will be instructing Mercedes to pay Mr T £300 compensation for the distress caused by Mercedes failing to honour the previous agreement under our reference [REDACTED]

The £300 compensation should be taken off the outstanding amount Mr T owes. This leaves Mr T liable for a £315 payment to bring the account to a close. Mercedes should invoice Mr T for the final outstanding payment of £315 within 28 days of us telling it that Mr T accepts my decision.

My final decision

For the reasons given above I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 16 September 2022.

Angela Casey
Ombudsman