

## **The complaint**

Mr H says he was misled by a car dealership when he entered into a 'Personal Contract Purchase' ('PCP') agreement with Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance ('Mercedes-Benz').

## **What happened**

In August 2019, Mercedes-Benz provided Mr H with a loan to buy a used car. The cash price of the car was £22,929. With a £4,340 deposit, Mr H had to borrow £18,589. With interest and fees, the total amount payable was £26,943.88 (including the deposit). In accordance with the PCP agreement, Mr H had to make 48 monthly payments of £329.56 followed by a final 'optional purchase payment' of £6,775. This final payment is often called a 'balloon payment'.

Mr H says that before he entered into the PCP agreement, two employees of the dealership told him that the balloon payment would change when the agreement came to an end. Specifically, he says he was told 'it isn't fixed' and would 'probably reduce closer to the time'. Mr H says he was told this during a telephone conversation.

In 2023, Mr H contacted Mercedes-Benz to complain that he'd been misled.

Mercedes-Benz didn't uphold his complaint. It explained that the balloon payment is fixed at the start of the agreement and doesn't change, even if the car value fluctuates. And it said the balloon payment is clearly stated on the PCP agreement, which Mr H signed.

One of our investigators concluded that she'd seen insufficient evidence that Mr H had been misled and didn't think Mercedes-Benz needed to take any action.

Mr H disagrees and has asked that an ombudsman 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.

Having done so, there's very little I can add to what our investigator has already said.

The PCP agreement clearly states that the balloon payment is £6,775. And it doesn't say anything that might indicate that it could change over time or might be less when the agreement comes to an end. What's more, somehow Mr H had to pay back the money he borrowed to buy the car – with interest. With fixed monthly payments, he hasn't explained why he thought the final payment might change, or how the shortfall would have been repaid if the final payment was less than £6,775.

Our investigator has explained that the dealership doesn't have any call recordings of any pre-sale telephone conversations that Mr H had with any of its employees. I don't think this is unreasonable in the circumstances.

All things considered, I've simply seen insufficient evidence to safely conclude that Mr H was misled in the way he suggests.

Finally, when Mr H referred his complaint to our service, he also complained about the way Mercedes-Benz treated him during the Covid-19 pandemic. As our investigator has explained, Mr H must first make a formal complaint about this to Mercedes-Benz.

### **My final decision**

For the reasons given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 April 2024.

Christopher Reeves  
**Ombudsman**