

The complaint

Mr A is unhappy with a car he got using a hire purchase agreement from Mercedes-Benz Financial Services UK Limited.

What happened

Mr A acquired his car using a hire purchase agreement from Mercedes-Benz in June 2022 for £22,449. It had covered 16,905 miles and was around three years old.

In November 2022 Mr A started experiencing problems with his car going into limp mode. A fault relating to low fuel pressure was found and a software update was carried out. The car went into limp mode again in December 2022 and the ignition coil was replaced. In February 2023 the same thing happened again, and this time the spark plug was replaced.

Mr A complained to Mercedes-Benz and in August 2023 they issued a final response letter. It was agreed that the repairs had solved the issues and so nothing further needed to be done. Mr A was also offered a compensation payment of £400, and a 10% refund of his loan rentals for when work was carried out. Mr A was also given a courtesy car while his car was being repaired.

On 19 November 2023 Mr A's car went into limp mode again. He called a roadside assistance company who diagnosed a communications issue with the control unit. A reset fixed the issue.

The car went into limp mode again on 24 November 2023. The roadside assistance company cleared the fault codes on the dashboard. They told Mr A to keep the fuel level higher in future as the fault codes showed the reserve fuel level was low.

Mr A booked his car in with Mercedes-Benz on 21 December 2023. A short test found there was a fault with one of the cylinders and a full diagnostic test was booked in.

The full diagnostic test on 5 January 2024 showed no faults found.

On 7 January 2024 the car went into limp mode and Mr A, again, called a roadside assistance company. They suspected an issue with the injector not working or the fuel being cut to one of the cylinders. They suggested Mr A take the car back to Mercedes-Benz.

Frustrated with what was happening, Mr A decided to get another car by refinancing his agreement on 6 February 2024. This left him with a shortfall because of negative equity between the old and new car.

Mr A felt that the problems with his first car would've been present at the point of sale. And so, he feels he should've been able to reject it under the CRA. Because of this he complained and asked Mercedes-Benz to refund him the shortfall amount and provide some compensation.

Mercedes-Benz said that because they hadn't had a chance to investigate why the car kept

going into limp mode as the car had now been sold, they didn't think they needed to do anything further.

Unhappy with this, Mr A brought the complaint to our service. An investigator said he thought Mercedes-Benz weren't unreasonable in refusing Mr A's request to reject the car. He said he didn't think it would be fair to expect them to do anything more without the opportunity to investigate what was happening first.

Mr A didn't agree with the investigator's findings. He said the car experienced the same fault as what Mercedes-Benz had already agreed was an issue in August 2023. He said this was a clear indication that something was wrong with it.

Because Mr A didn't agree, the complaint has now been passed to me to review.

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.

Mr A acquired his car using a hire purchase agreement and so The Consumer Rights Act 2015 is the relevant legislation for this complaint. The Act sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of satisfactory quality. Satisfactory quality is essentially based upon what a reasonable person would consider to be satisfactory. In instances like this when considering the quality of a car, the age, mileage and price are some of the things that I think would be considered to be reasonable to take into account.

It is not in dispute that Mr A had problems with his car going into limp mode. I've looked at the reports from the dealership and from the roadside assistance company which show there was a variety of reasons that this kept occurring.

In August 2023, both parties agreed that the repairs to the car seemed to have fixed the issues.

The car then began to go into limp mode again. I've considered the evidence Mr A has provided by the roadside assistance company and I have no doubt his car was experiencing issues with going into limp mode. I've also seen that the dealership acknowledged there was an issue when they saw the car in December 2023, but they needed to investigate it further.

The dealership then couldn't find any faults when the car went into them to do these further investigations in January 2024.

Mercedes-Benz has also provided a report which was carried out after the car was sold back to the dealership in February 2024. It shows that only general maintenance for wear and tear items were completed. So, I've considered that the report doesn't suggest that there was anything significantly wrong with the vehicle after Mr A sold it to the dealership.

I've also noted that there were different reasons identified each time the car went into limp mode, rather than the same issue occurring every time.

As Mr A sold the car, Mercedes-Benz no longer had the option to assess why it kept going into limp mode. I've considered what Mr A has said, but I'm more persuaded by the report from after the car was sold back to the dealership. This is because it is the most recent evidence of how the car was functioning and shows that the only repairs needed to it were for wear and tear items. And it is because of this, that I'm persuaded that the repairs to the

car in August 2023 were effective in resolving any issues related to the point of supply.

It follows that I can't reasonably conclude that the car was of unsatisfactory quality when Mr A sold it back to the dealership. And so, I can't ask Mercedes-Benz to pay for the negative equity Mr A has complaint about.

My final decision

For these reasons, 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 A to accept or reject my decision before 28 October 2024.

Ami Bains
Ombudsman