

Complaint

Mr C has complained about the quality of a car that Mercedes-Benz Financial Services UK Limited ("MBFS") supplied to him through a hire-purchase agreement.

Background

In June 2019, MBFS provided Mr C with finance for a brand-new car. The cash price of the vehicle was £14,505.26. Mr C paid a deposit of £3,081.07 and applied for finance to cover the remaining amount he needed to complete his purchase. MBFS accepted Mr C's application and entered into a 48-month 'personal contract purchase' hire-purchase agreement with him.

The amount borrowed was £11,424.19 and the loan had an APR of 2.0%, interest, fees and total charges of £611.17 (consisting of interest of £601.17 and an option to purchase fee of £10). So the total amount to be repaid of £12,035.36 (not including Mr C's deposit) was due to be repaid in 48 monthly instalments of £172.82 followed by an optional final repayment of £3,730.00 which Mr C had to pay if he wished to keep the vehicle.

In May 2023, Mr C entered into a further hire-purchase agreement with MBFS for the £3,730.00 he needed to make the optional final payment on the original agreement.

In March 2024, the clutch on the vehicle failed and required a repair costing around £3,500.00. Mr C was unhappy at the fact that the car needed repair and the length of time it took for the repair to be completed. He subsequently complained to MBFS about the quality of the vehicle it supplied him with as a result.

MBFS issued its final response to Mr C's complaint on 8 May 2024 and it didn't uphold the complaint as it believed that the car it supplied to Mr C was of satisfactory quality. Nonetheless, it agreed to pay Mr C £250 for any distress and inconvenience he may have experienced.

Mr C's complaint was subsequently reviewed by one of our investigators. He thought that MBFS had supplied Mr C with a vehicle that was of satisfactory quality and that its offer of £250 for any distress and inconvenience Mr C may have experienced was fair and reasonable. So he didn't recommend that Mr C's complaint be upheld.

Mr C disagreed with our investigator's view and asked for his complaint to be passed to an ombudsman for a final decision. So the complaint has been passed to me to decide.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm satisfied that what I need to decide in this case is whether the car supplied to Mr C was of satisfactory quality. Should it be the case that I don't think it was, I'll then need to decide what's fair, if anything, for MBFS to do to put things right.

Having carefully considered matters, I'm satisfied that the vehicle MBFS supplied to Mr C was of satisfactory quality and I'm therefore not upholding Mr C's complaint. I'll explain why in a little more detail.

The finance agreement in this case is a regulated hire-purchase agreement, which we are able to consider complaints about. Under the hire-purchase agreement, MBFS purchased the vehicle from the dealership Mr C visited.

Mr C then hired the vehicle from MBFS and paid a monthly amount to it in return. MBFS remained the legal owner of the vehicle under the agreement until Mr C's loan was repaid.

This arrangement resulted in MBFS being the supplier of Mr C's vehicle and so it is also responsible for answering a complaint about its quality.

The Consumer Rights Act 2015 ("CRA")

The CRA covers hire-purchase agreements – such as Mr C's agreement with MBFS. Under a hire-purchase agreement, there are implied conditions that the goods supplied will be of satisfactory quality.

The CRA says the aspects of the quality of the goods and whether they are satisfactory includes their general state and condition alongside other things such as their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

Is or was there a fault with the vehicle?

Having considered the information provided I'm satisfied that it is more likely than not that there, at least, was a fault present on the vehicle. I say this because both Mr C and MBFS are in agreement that the clutch, on the car, failed and that it needed replacing. So I'm satisfied that there, at least, was a fault with the vehicle which needed to be rectified before it could be driven.

As this is case, I'll now proceed to decide whether the fault which I'm satisfied was present on the vehicle, means that the car wasn't of satisfactory quality.

Was the vehicle that Mr C was supplied with of satisfactory quality?

As I've set out in the section above, there is no dispute that the clutch on the vehicle Mr C was supplied with needed replacing in March 2024. Mr C says that fact that the clutch needed replacing when it did means that car was not of satisfactory quality and that MBFS should reimburse him for the repairs. I've reviewed matters and formed my own view on whether the clutch needing to be replaced means that the car wasn't of satisfactory quality.

In doing so, I have to keep in mind that although the vehicle was brand new at the time it was supplied to Mr C, it was just under five years old and had completed close to 73,000 miles when the clutch failed. And given the mileage that was completed, it is not unreasonable to expect that the vehicle will have experienced some wear and tear in the period Mr C was driving it.

I appreciate Mr C's strength of feeling. But a component such as a clutch will deteriorate over time and eventually require replacing. I appreciate that Mr C may consider that a clutch should last for around 100,000 miles, I understand that his view has been informed by the fact that the repairer initially ruled out the possibility that the clutch needed replacing as a

result of the vehicle's mileage and instead believed that there may have been a problem with the water pump.

I don't know what Mr C was told by the repairer. However, while it is fair to say that there are instances of a clutch lasting up to 100,000 miles, it is also fair to say that there are many instances of clutches failing before then. The length of time a clutch will last will depend on a variety of factor including (but not limited to) things like how a vehicle is used, the type of journeys carried out and the driver's driving style. In any event, the key thing for me to say here is that it does not necessarily follow that as a clutch could last 100,000 miles, one that does not last 100,000 miles will have failed prematurely.

I accept that Mr C may have (or have had at the time he took delivery) his own expectations bearing in mind what he believes about expecting superior durability and performance given the make and model of the vehicle. However, the CRA requires me to consider what a reasonable person's expectations – not Mr C's expectations - would be in relation to the fault Mr C has complained about.

I think a reasonable person would consider that a car will have suffered some wear and tear - after close to five years and having completed close to 73,000 miles - and that parts such as a clutch are likely to need replacing by this time. This is irrespective of whether the vehicle was serviced in line with the manufacturer's recommended intervals as Mr C has argued.

For the sake of completeness, I'd also point out that the manufacturer garage, which completed the clutch repair, stated that the last record it had of completing a service on the vehicle was when it completed a B service on the car in March 2021 and it had completed 25,426 miles at this stage.

I don't rule out the possibility that other services took place after this. But, in any event and irrespective of the service history, in the absence of anything to support that Mr C was provided with any sort of guarantee that the clutch (as well as other components) would last 100,000 miles, I've not been persuaded that the fact the clutch failed after just under 73,000 miles means that MBFS supplied Mr C with a car which had a clutch that was not sufficiently durable.

So on balance, I'm not persuaded that the car supplied to Mr C by MBFS was not of satisfactory quality. It follows that I'm not upholding Mr C's complaint and I think that the £250 it has offered to pay is fair and reasonable in all the circumstances. I leave it up to Mr C to decide whether he wishes to accept this offer and if he does to contact MBFS to do so.

In reaching my conclusions, I've noted that Mr C has also complained that the cost of the repair was too high, about the length of time it took to diagnose and repair the fault, and finally that the manufacturer garage did not honour discounts that it had initially offered him.

I don't know what or wasn't discussed between the manufacturer garage and Mr C. However, what I do know is that MBFS did not repair Mr C's car. The manufacturer garage did. Indeed, Mr C contacted MBFS after the fault was diagnosed.

I've have also found that MBFS isn't responsible for the repair, on the grounds that it failed to supply Mr C with a car that was of satisfactory quality, either. Therefore, if Mr C is unhappy with the manufacturer garage's actions this is a matter that he will need to take up with it, as I'm only able to look at the activities which MBFS is responsible for and it isn't responsible for any issues relating to the repair.

Overall and having considered everything, I've not been persuaded to uphold Mr C's

complaint. I appreciate that this is likely to be very disappointing for Mr C – particularly as he had to pay a repair bill that he wasn't expecting to. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr C's complaint. I'm therefore not requiring Mercedes-Benz Financial Services UK Limited to pay him any compensation. I leave it to Mr C to decide whether he wishes to accept the offer that was made in the final response.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 November 2024.

Jeshen Narayanan
Ombudsman