

## **The complaint**

Mr W complains about a number of administrative errors made by Mercedes-Benz Financial Services UK Limited ('MBFS') made in relation to a Personal Contract Plan ('PCP' or the 'agreement').

## **What happened**

Mr W purchased a car using a PCP taken out with MBFS in September 2023. MBFS tried to collect the first instalment (payment) from Mr W via direct debit in October 2023 but due to a systems error its end, no payment was taken.

MBFS wrote to Mr W on 26 October 2023 advising him the payment for that month needed to be made and provided him with seven days to do so. However, after checking the MBFS online system, Mr W believed the first instalment wasn't due until November 2023 so he didn't pay. He did, however, make payments via direct debit from November 2023 onwards. But the payment for October 2023 remained outstanding. Mr W also discovered a different model of car was input into his agreement. So, he complained to MBFS about these matters.

MBFS agreed it had made a mistake with not correctly taking the first instalment due in October 2023. But it said the date on which it tried to take payment was correct. In terms of the model name of Mr W's car as set out in his agreement, MBFS accepted this had been entered incorrectly at the point of sale. However, it said due to systems limitations, this could not be changed but confirmed this should have no negative impact on his agreement going forward. And he had paid for the correct car. MBFS offered Mr W £200 for its errors.

Mr W remained unhappy so referred his complaint to our service. In brief, our investigator thought the £200 offered to him by MBFS was a fair and reasonable way to resolve matters.

Mr W disagreed. He felt MBFS's offer didn't sufficiently compensate him for its errors. For example, he was concerned that the incorrect model name as set out in the agreement would have a negative effect on his insurance premiums and/or on the resale value of the car. He says this, and the first payment issue, has caused him stress and anxiety to such an extent that he has had to seek medical treatment. Mr W added he has suffered further stress as a result of a missed payment marker being incorrectly recorded on his credit file by MBFS.

## **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 note Mr W continued to raise a number of complaints about MBFS whilst this particular complaint was with our service. Our investigator has explained to Mr W what issues we will consider as part of this complaint and why. I will not repeat what our investigator has said here other than to say that I agree with his conclusion and if Mr W wants to refer his complaint to us about the other matters, he will need to do so as a separate complaint.

I further note I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved - no discourtesy is intended by this. Instead I've focused on what I think are the key issues here. I'll also mention at this stage that where there's a dispute about what happened I've based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the evidence. Having reviewed everything, I think the offer made by MBFS is fair and reasonable. I'll explain why.

In terms of the first payment date, I think Mr W was given clear, fair, and not misleading information about the month that this would be taken. This was clearly set out in the agreement dated 18 September 2023, where it said: *"The first monthly payment of £506.41...is due 1 month after the start date of this agreement."* Given the start date of the agreement was confirmed as 20 September 2023, I can't fairly say that MBFS was acting wrongly when it tried to take the first instalment in the following month.

Mr W says, in line with the wording in the agreement, MBFS should have confirmed to him in writing the first payment date. I can see the agreement does say the first payment date would be sent to Mr W but from what I can also see he received two communications from MBFS on 22 and 28 September 2023. MBFS says it does not have copies of what exactly was sent to Mr W and it did initially say that the issue of the start date was being dealt with under a separate complaint. However, I note the start date is relevant to this particular complaint. And I further note, that MBFS has provided us with the requested information about this issue which was also dealt with in the investigator's view. So, I will deal with it here.

I can see one of these communications was labelled as a 'welcome' email. So, I think it's more likely than not that the first payment date was communicated to Mr W in one or both of these emails. Even if I'm wrong about this, he was clearly told in the agreement that a payment would be taken a month from the start date of the agreement and given this started in September 2023, I don't think MBFS has done anything unreasonable by seeking payment in October 2023.

I've noted all of Mr W's other points about what led him to believe the first payment was due in November 2023. I've also noted what he said about a payment taken in January 2024 being referenced as the 'first' payment via his online account. But all in all, I think it was made reasonably clear to Mr W that the first payment would be due in October 2023. And I can see this is when MBFS attempted to take the payment.

The mistake made by MBFS was that it had failed to set up the direct debit in time which I understand was due to a systems error its end. I note MBFS asked Mr W to update his direct debit details, which he did and payments were taken for the November due date onwards. So, I do think MBFS's error with not taking payment in time, did cause Mr W some confusion and inconvenience. But I think the offer it has made for this and the other mistake it made in relation to the name of the car in Mr W's agreement, fairly compensates him for these errors.

I take on board Mr W's points about the impact of a missed payment on his credit file. But from what I can see, he has had several opportunities to make this payment and as I understand it, only made the payment in March 2024. So, whilst the initial mistake was made by MBFS, I can't hold it responsible for Mr W not taking any action to make payment once he was notified of its mistake, which, was on or around 26 October 2023. Given this, I don't think MBFS has acted unfairly by reporting the missed payment up until it was paid in March 2024.

On the point about the incorrect car model details in Mr W's agreement, MBFS said it can't correct this error. So, I've considered the impact of this on Mr W. I note there are other sources for Mr W to know what car he purchased (the make/model) including his invoice and

registration number. These sources are also available to any third party such as an insurance company or a prospective purchaser. To date, Mr W has not demonstrated any financial loss due to this issue.

That said, I want to make it clear I do not think this is a 'trivial' matter. I accept that Mr W has had inconvenience and confusion as a result of the errors made by MBFS. I appreciate he has not wanted to drive the car due to his concerns and I note what he has said about seeking medical treatment for stress and anxiety which he says has been caused by MBFS's mistakes. I'm sorry to hear about Mr W having to seek medical treatment for the issues he has described. But my role is to award compensation which is proportionate to the mistakes that have been made. And taking everything into account, I think the £200 MBFS has offered is fair and reasonable. I won't be asking it to pay anything further.

### **My final decision**

I consider Mercedes-Benz Financial Services UK Limited's offer of £200 is fair and reasonable for the distress and inconvenience its errors have caused Mr W. So, if not done so already, Mercedes-Benz Financial Services UK Limited should pay Mr W £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 December 2024.

Yolande Mcleod  
**Ombudsman**