

The complaint

Miss F complains about a car supplied to her using a hire purchase agreement taken out with Mercedes-Benz Financial Services UK Limited ("MBFS").

What happened

In July 2022, Miss F acquired a brand-new car using a hire purchase agreement with MBFS. The cash price of the car recorded on the agreement was £21,494, the agreement was for 48 months, made up of regular, monthly repayments of £296, followed by a final optional payment of £8,100, and a £10 option to purchase fee. The deposit payment recorded on the agreement was £2,850. The annual permitted mileage for the car under the agreement was 8,000 miles.

Miss F was in a road traffic accident towards the end of March 2023 and her car was in for repairs, following a claim through her car insurance policy. Miss F said her car was returned to her at around mid-June 2023, after repairs were carried out by a third-party,

Miss F said within a week of getting her car back, it malfunctioned when driving. Miss F supplied a photo of an error warning appearing on her car's dashboard that read, "*Stop Switch off motor*". Miss F said the car accelerated by itself and she didn't think it was in relation to the repairs carried out to the car, but rather that the car had a faulty accelerator function which initially occurred at approximately 3,000 miles – before the road traffic accident and repairs were carried out.

Miss F took the car to the supplying dealership, and they completed a diagnostic check on the car. Several issues were found, including a fault relating to the accelerator.

Miss F said that between July 2023 and April 2024, the supplying dealership had three attempts to repair the car, but the issue persisted. Eventually, Miss F complained to MBFS.

MBFS issued their final response in May 2024 and in summary, they explained that they partly upheld Miss F's complaint by offering her £250 for the inconvenience caused, but didn't uphold her request to reject the car.

Within MBFS's final response, they explained that they contacted the supplying dealership to understand the repair history of the car. The last recorded repair MBFS were able to obtain was in early August 2023. So, they could only find two occasions the car was taken in to be repaired in relation to the accelerator issue.

MBFS also said that the battery was replaced under warranty before Miss F acquired the car. Miss F said she was unaware that a repair had been carried out to the car at the point of supply and hadn't authorised it.

Unhappy with MBFS's response, Miss F referred her complaint to our service, without accepting MBFS's offer.

Later, MBFS explained that when Miss F took the car to the dealership in April 2024, it wasn't a scheduled diagnostics visit, but rather a very brief look at the car by a technician and so there was no documentation, such as job sheets for the visit.

Our investigator thought MBFS's offer was fair and so directed them to pay £250 for the distress and inconvenience caused by this complaint. In summary, the investigator thought there was a fault with the car in relation to the accelerator pedal. And as the car had been repaired and couldn't see that the issue with the car was still present, he didn't think it was fair for Miss F to now be able to reject the car.

MBFS accepted the investigator's findings

Miss F didn't accept what the investigator said. Among other things, Miss F said she didn't consent to the repairs being made to the car and said she wasn't told her options of being able to reject the car when she told the supplying dealership about the issues with it.

As Miss F didn't accept the investigator's outcome, the complaint was passed to me to decide.

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'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Miss F complains about a car supplied to her under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Miss F's complaint about MBFS.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – MBFS here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. It's important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note here that the car Miss F acquired was brand-new and I think a reasonable person would expect it to be in excellent condition, with no faults or issues. And I think they would expect trouble free motoring for a significant period.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

In around June 2023, Miss F said she experienced an issue with the car, and specifically in relation to the accelerator pedal. Miss F said she informed the supplying dealership of the issue.

I have seen copies of the job sheets for this visit, and the subsequent visit the following month. The June 2023 job sheet said:

"... Vehicle accelerating out of control without customer using accelerator... multiple fault codes in control unit log attached relating to acceleration..."

The July 2023 job sheet said:

"Customer had another warning come up on dash... found several faults in connection to previous repair. Pedal assembly was replaced..."

Considering the above, I'm satisfied the car had a fault in relation to the accelerator function.

Was the car of satisfactory quality at the point of supply?

Given the car was brand-new when it was supplied to Miss F, and the issue presented itself in less than 5,000 miles, I'm satisfied the car wasn't durable. I wouldn't expect there to be a need to repair items such as the accelerator pedal assembly so early in the car's lifetime. And so, I'm satisfied a reasonable person would not consider it to have been of satisfactory quality when it was supplied to Miss F.

Remedies under the CRA

There are several options Miss F has under the CRA if goods (in this case, the car she has acquired) are found to not have been of satisfactory quality at the point of supply. One of those options is to reject the car.

Miss F says she wishes to reject the car and terminate the agreement under the CRA. Miss F informed MBFS of her intention to reject the car in April 2024. However, in the circumstances, I don't think this would be a fair and reasonable way to resolve this complaint.

I say this because, in broad terms, Miss F's rights under the CRA have been met by the car being repaired. I'm also satisfied that the issue no longer persists as a health check completed on the car in September 2024 didn't report any issues in relation to the accelerator function.

Miss F says that during her visits to the supplying dealership to inform them of the issue with the car, she was not told of her options to reject the car. However, I don't think MBFS can be held liable for Miss F not being aware of her rights under the CRA.

Miss F also says she didn't authorise for repairs to be carried out to the car. However, I'm not persuaded by Miss F's comments here. I think, had Miss F no longer wished for the car to be repaired, then she wouldn't have continued to take the car back to the supplying dealership and on occasions leave the car with them to be investigated. For example, I can't see that she disputed repairs being carried out to the car after the supplying dealership looked into things in June 2023.

So, in this instance, I don't think MBFS needs to do anything further.

In addition, Miss F said she wasn't told that the car had been repaired with a replacement battery before the car was supplied to her. From what I understand, the supplying dealership performed a pre-delivery inspection of the car and identified that the battery needed to be replaced. MBFS has explained this is normal practice during a pre-delivery inspection to ensure the car is in a working condition before supply. In the circumstances, I think this is reasonable as I would expect a car to be inspected, and any issues rectified before it is supplied to a customer.

Distress and inconvenience

Miss F has explained in some detail the impact the issue with the car had on her. Considering all things here, and the nature of the fault, I accept it would have been distressing for Miss F to have to drive the car, with the issues it had at the time.

MBFS offered Miss F £250 for the distress and inconvenience cause, which I understand she declined as she referred her complaint to our service. In the circumstances, I think this is a fair amount.

My final decision

Mercedes-Benz Financial Services UK Limited has already made an offer to pay £250 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Mercedes-Benz Financial Services UK Limited should pay Miss F £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 11 June 2025.

Ronesh Amin
Ombudsman