

The complaint

Mr H complains that the car he acquired through Mercedes-Benz Financial Services UK Limited ("MBFS") wasn't of satisfactory quality. He says he's had ongoing mechanical issues with the car for a long time and MBFS won't accept the return of the car or agree to repairs. He wants MBFS to pay for the repairs, or to accept rejection of the car.

What happened

Mr H entered into a hire purchase agreement in August 2022 to acquire a used car. The cash price of the car was £21,790, and after taking into consideration Mr H's advance payment; the amount of credit provided was £20,190. The credit agreement was set up over a term of 48 months with Mr H's monthly payments set at £328.42, meaning the total amount repayable if the agreement ran to term would be £27,774.16. At the time of acquisition, the car was just over four years old and had been driven around 14,000 miles.

Mr H told us:

- He had numerous problems with the car within a year of acquiring it, and he provided photographs of the work he's had done to it to try and get to the bottom of the issues;
- the power steering failed in December 2022 and the supplying dealership carried out repairs which saw them replace the steering rack;
- in January 2024, the engine started cutting out, so he took the car to a local garage;
- he had the fuel filter changed, and paid £600 for injector 4 to be changed as the garage thought this was causing the issue;
- he's subsequently had the car booked in with a diesel specialist garage for investigation, and was advised that the car has an engine fault, and the injectors were not firing correctly causing the engine to cut out, and he got a quote for £2,400 for all four injectors to be replaced;
- when he acquired the car, it had only done 15,000 miles, and the injectors should not need replacing so soon – he's only done a further 16,000 miles since he got the car;
- he's paying £328 every month for a faulty car that is not roadworthy – it cuts out while he's driving and pulling out at road junctions or roundabouts;
- he wants MBFS to accept rejection of the car or agree to pay for repairs in full.

MBFS rejected this complaint. It explained its understanding of the Consumer Rights Act 2015 ("CRA"), and said *"any faults that first occur after 12 months are outside of our obligation under the Consumer Rights Act 2015, as there is no evidence that the vehicle was of unsatisfactory quality at the point of sale. The onus would be on yourself as the consumer to prove this fault was present or developing at the point of sale"*.

MBFS also explained the additional evidence and testing that Mr H would need to have take place, and the specialist diagnostics that the car would need to undergo at a specialist and authorised repairer associated with the manufacturer. And it reminded Mr H of the risks of a used car and the faults that may develop at some point during the life of the credit agreement.

Our Investigator looked at this complaint and said that he thought it should be upheld. He said there were clearly things that had been wrong with the car based on the diagnostics and repairs that had already taken place, the most recent diagnostics and the recommendation to replace all four injectors because the car keeps cutting out. Because of this, he didn't think that MBFS had acted fairly in the circumstances.

Our investigator said he didn't think that the car supplied to Mr H had been durable at the point of supply. And he explained the premature failure of the injectors indicated that there was a problem with the car. He acknowledged that the issues had arisen some 16 months after the car was supplied, but he said that it had only been driven 12,000 miles at this point, and these components should've been more durable.

In summary he said because the car wasn't durable, it was not of satisfactory quality at the point of supply, and he thought the fair way to settle this complaint was to allow Mr H to reject the car. He also asked MBFS to pay Mr H some compensation for the impact its actions (and inaction) had caused him.

MBFS disagreed. It said it had consulted the manufacturer's technical team and required the complete diagnostics reports from the third-party garages used by Mr H. And this needed to include their findings and the rationale for the parts that had already been replaced. It went on to say Mr H could've introduced poor quality or incorrect fuel into the car, so fuel analysis should've been undertaken and it also asked for a *compression test report*. MBFS said *"the fact that none of the repairs were conducted within the [manufacturer] network complicates matters further, as we have no contact with or knowledge of these workshops. We cannot ascertain whether their work adheres to [manufacturer] repair and specific testing instructions and guidelines"*.

Our Investigator looked carefully at what MBFS had said but rejected its objections. He explained that Mr H had registered his complaint with MBFS in January 2024 and he reminded MBFS that there is no obligation for Mr H to have the car tested at specific locations. Had MBFS wanted this, it should've arranged this during its investigation into the complaint - and certainly before the matter was referred to this Service. He noted that MBFS took around 9 months to investigate this complaint, during which time Mr H provided plenty of his own information and evidence, but it appeared that MBFS had chosen not to carry out its own checks to support any concerns it may have had. And he told MBFS that once a complaint is referred to this Service, it's for our Service to determine what information is required to reach a fair and reasonable outcome.

Because MBFS disagreed with our Investigator's opinion, the complaint comes 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.

Having considered all the evidence and testimony afresh, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain why.

The hire purchase agreement entered into by Mr H is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. MBFS is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (“CRA”) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the “quality of the goods is satisfactory”.

To be considered “satisfactory” the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car’s history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and *durability*.

I’ve seen evidence in the form of testimony and documentation from Mr H that supports the timeline of issues and events that he describes. There’s evidence of the failure of the power steering in December 2022, just four months after Mr H acquired the car, and after he’d driven relatively few miles. On this occasion, the supplying dealership carried out full repairs – replacing the steering rack – at no cost to Mr H.

Fast forward thirteen months, and Mr H had experienced repeated problems with the engine cutting out, often in quite dangerous situations such as pulling out at junctions. So I don’t think it was unreasonable of him to seek help from his local garage. And although it replaced a fuel filter at a cost of just over £100, the issues with the engine cutting out continued, resulting in his complaint to MBFS.

Over the next few months, Mr H sought assistance from a different garage, and then from a diesel injection diagnostic centre, the first identifying faults with a fuel injector, the second diagnosing the issue to be ongoing injector and compression issues, and a recommendation to have all injectors replaced.

Despite what MBFS has said about the need for the car to be examined by its own specialists, I find what Mr H has told us to be compelling. And on the basis that two different and independent third parties – one of which is a specialist diesel injection diagnostic centre – confirmed the issue that Mr H had experienced with the engine cutting out, I’m persuaded on the balance of probabilities that this problem with the car exists.

So, taking this into account, although I understand MBFS’s position, I find the evidence provided to support Mr H’s position to be persuasive here – in view of the limited mileage driven, I don’t think that in the circumstances, the car supplied was durable. Put simply, a reasonable person would not expect to experience these problems in a car after just 26,000 miles. So, on balance, I don’t think the car was durable and it wasn’t of satisfactory quality when supplied. And on the basis of what’s happened and the previous repairs and attempts at repair, I think the fair and reasonable way to settle this complaint is for MBFS to accept rejection of the car.

I’m also going to ask MBFS to refund a percentage of Mr H’s monthly payments to reflect the fact that he’s had impaired use of the car since January 2024 along with the costs he’s incurred in trying to have a car of unsatisfactory quality repaired.

Finally, in recognition of the distress and inconvenience he’s experienced in trying to have this matter resolved, I’m going to instruct MBFS to pay Mr H some compensation.

Putting things right

I direct Mercedes-Benz Financial Services UK Limited to put things right by doing the following:

- ending the agreement with nothing further to pay;
- removing any adverse information from Mr H's credit file in relation to the agreement.
- collecting the car (if this has not been done already) at no further cost to Mr H;
- refunding Mr H's deposit/part-exchange contribution;
- refunding Mr H some of his monthly rentals for impaired use and loss of use of the car because of the inherent quality issues. MBFS should refund 5% of monthly rentals from 4 January 2024 to the date of settlement;
- refunding Mr H the cost of the diagnostics and repairs that he paid for – our Investigator has already provided details of these to MBFS;
- paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement;
- paying a further amount of £25 for the distress or inconvenience that's been caused due to the faulty goods;

*HM Revenue & Customs requires Mercedes-Benz Financial Services UK Limited to take off tax from this interest Mercedes-Benz Financial Services UK Limited must give Mr H a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint and require Mercedes-Benz Financial Services UK Limited to settle this complaint as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 July 2025.

Andrew Macnamara
Ombudsman