

The complaint

Mrs S complains that the car she acquired through Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance ("MBFS") wasn't of satisfactory quality. She says although she's rejected the car, she's unhappy with how much MBFS has refunded to her.

What happened

Mrs S entered into a PCP credit agreement in June 2024 to acquire a brand-new car. The cash price of the car was £56,810, and after taking account of Mrs S' advance payment, the balance was to be repaid through the credit agreement which was set up over a term of 48 months. Mrs S' monthly payments were £555.71, resulting in the total repayable under the agreement, if it ran to term, being £56,810.

Mrs S told us:

- She acquired the car in June 2024 and took it home, but there were issues with the car trim and the voice control, and when she asked about her rights, she says she was told she could give the car back, but she'd need to pay the balance in full;
- she persevered with things, but the replacement trim didn't match, and she experienced multiple technology issues, one after another;
- when she contacted MBFS, she was informed she could reject the car, but the whole process took a long time, and mistakes were made about what was being refunded and when;
- the whole experience has been very stressful.

MBFS says it upheld Mrs S' complaint. It acknowledged there had been numerous faults within the first six months that she'd had the car, and it explained that taking account of the Consumer Rights Act 2015 ("CRA"), together with the car's history, it was happy to support rejection of the car. And it explained the next steps to Mrs S, along with what she needed to do with the car.

MBFS said it would:

- cancel the credit agreement;
- return the deposit that Mrs S had paid;
- refund 10% of the monthly payments Mrs S had made because the car was off the road for two weeks, and;
- it would pay £250 compensation for the distress and inconvenience caused.

Unhappy with MBFS' redress, Mrs S brought her complaint to this Service. She said all the monthly payments made after she'd exercised her right to reject the car should be refunded to her.

Our Investigator looked at this complaint and said that he thought it should be upheld. He noted that MBFS had already accepted rejection of the car, and he said that the redress offered was *mostly* in line with what this Service would've asked of it. But he did say that a refund of just 10% of one monthly rental was not fair and reasonable in the circumstances.

He explained to Mrs S that it wasn't fair to ask MBFS to refund all the payments she'd made because she'd been able to use the car whilst it was in her possession. But he also told MBFS that its proposal of 10% of one monthly payment wasn't sufficient, and he asked it to refund two full monthly rentals, on the basis of the mileage that MBFS said Mrs S had driven.

Mrs S accepted this recommendation.

MBFS did not, and it provided an updated odometer reading of the mileage Mrs S had driven. This new mileage reading superseded the one it had previously supplied.

Our Investigator reviewed the complaint again and adjusted his recommendations on the basis of this revised odometer reading. And he asked MBFS to refund *one* monthly rental instead.

MBFS rejected this revised recommendation. And Mrs S asked for the financial and emotional impact of MBFS' mishandling of her complaint to be considered, and she asked for all her monthly rentals to be refunded.

Because the parties do not accept the Investigator's recommendations, 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 credit agreement entered into by Mrs S 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 vehicle purchase, will include things like the age and mileage of the vehicle at the time of sale, and the vehicle'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'm pleased to see that once it had completed its investigation, MBFS accepted the rejection of the car. I know that Mrs S expected things to move along far more quickly than they had, but MBFS needed time to investigate Mrs S' claims before it could agree to the rejection of the car.

Like our Investigator, I'm satisfied that MBFS' way of putting things right is broadly in line with what this Service would expect. We'd typically ask the business to:

- end the credit agreement and remove any adverse information from the customer's credit file in relation to the credit agreement;
- arrange collection of the car;
- refund the customer's deposit and;
- pay some compensation if the customer experienced distress, worry, anxiety and inconvenience because faulty good were supplied.

And I can see MBFS has incorporated all of these things when it gave its final response to Mrs S' complaint. So, the only outstanding matter, it seems to me, is the number of monthly rentals that should be refunded.

I need to tell both parties that calculating this is not an exact science. The car was faulty and there was a short period of a couple of weeks when Mrs S could not use it, so she should get some money back.

But Mrs S was able to drive more than 4,000 miles in the short time she had the car. And it's right that I recognise her usage of the car – so I'm not going to ask MBFS to refund all her monthly rentals. But MBFS needs to understand that although Mrs S drove the car, her usage of it was impaired, and her enjoyment of it was likely adversely affected.

Looking at everything in the round, I think the fair and reasonable way to settle this complaint is for MBFS to refund Mrs S one full monthly rental with statutory interest applied to it.

Putting things right

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

- Ending the credit agreement with nothing further to pay (if it hasn't already done so);
- Removing any adverse information from Mrs S' credit file in relation to the agreement (if it hasn't already done so);
- Collecting the car (if this has not been done already) at no further cost or inconvenience to Mrs S;
- Refunding Mrs S' deposit (if it hasn't already done so);
- Refunding Mrs S one monthly payment to reflect the fact that she experienced impaired usage of the car, when she could drive it, and had no use of the car when it was being repaired;
- Paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- Paying an amount of £250 (if it hasn't already done so) for the distress, worry, anxiety and inconvenience that's been caused due to the supply of faulty goods.

*HM Revenue & Customs requires Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance to take off tax from this interest. Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance must give Mrs S a certificate showing how much tax has been taken off if she asks for one.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 26 August 2025.

Andrew Macnamara
Ombudsman