

The complaint

Mr K is unhappy with the information he received when he was sold a hire purchase agreement from Mercedes-Benz Financial Services UK Limited.

What happened

In March 2024 Mr K acquired a car financed by a hire purchase agreement from Mercedes-Benz.

He has explained that he expected his mileage to change if he's travel to work increased. He says he was told by the dealership that he would be able to amend his annual mileage limit during the term of the agreement.

In August 2024, he contacted the dealership and asked how he could increase his mileage. He has provided an email from them which said that he could do this by reaching out to Mercedes-Benz to organise it.

Mr K contacted them and was told he was unable to amend his mileage limit.

Mr K felt the agreement had been misrepresented to him, so he complained to Mercedes-Benz. They reviewed his complaint and said the dealership would have gone through the important conditions, including the mileage limit at the point of sale. They also said that the agreement clearly stated the mileage limit and the pence per mile if it was exceeded.

Unhappy with their response, Mr K referred the complaint to our service. One of our investigators looked into things and felt Mr K's agreement had been misrepresented to him. He said the email from the dealership in August suggested that a conversation took place about amending the mileage limit. He also pointed out that the agreement didn't say the limit couldn't be amended.

I sent Mr K and Mercedes-Benz my provisional decision on this case, on 25 July 2025. I explained why I think the complaint should be upheld. A copy of my provisional findings is included below:

Mercedes-Benz has pointed out that they feel the finance agreement is clear about the mileage limit. They've said the excess mileage charge it details is a clear indication that the limit can't be extended.

They also said Mr K increased the mileage limit before taking out the hire purchase agreement, indicating a discussion took place.

Mr K has provided us with an email chain from August. He emails the dealership asking who he needs to call to increase his annual mileage. He receives a reply saying that he should contact Mercedes-Benz.

The tone of Mr K's initial email implies a previous conversation, and the dealership's

response suggests they think that a mileage adjustment can be made. If the dealership had told Mr K that the mileage limit couldn't be amended, I'd have expected them to have replied telling him this.

So, this email chain, in conjunction with Mr K's consistent testimony persuades me that it's most likely he was told he would be able to increase his annual mileage.

Mr K has said that if he'd known he wouldn't be able to extend the mileage limit he would've looked elsewhere because he anticipated needing to use his car more.

For these reasons, I think that the dealership provided a false statement of fact to Mr K which induced him to enter into the agreement. I don't believe Mr K would've proceeded if he had been told that the mileage limit couldn't be altered.

Because I think misrepresentation has occurred, I require Mercedes-Benz to put Mr K back in the position he would've been if this hadn't had happened.

As I don't think Mr K would have proceeded with the agreement and acquired the car, Mercedes-Benz should allow him to end the agreement. Mr K has said the current mileage on the car in July 2024 is 11,898 miles. I've thought about this in relation to the annual mileage limit on the agreement and don't think it's excessive. And so, when ending the agreement Mercedes-Benz should make sure Mr K has nothing further left to pay and collect the car at no cost to him. As part of this, they should remove any adverse information held with the credit reference agencies.

They should also refund the deposit he paid of £8,994.20. And they should pay 8% simple interest on this amount from the date Mr K paid it, to the settlement of this complaint. This is because Mr K has been without use of these funds.

Mr K has also asked for a reimbursement of his gap insurance and dashcam as part of the rejection. As Mr K could've benefited from the gap insurance cover since the date he acquired the car, I don't think Mercedes-Benz is responsible for this cost. Mr K can also approach his insurer for a refund, subject to their terms and conditions.

Mr K has explained he is unable to remove the dashcam as he paid for it to be wired into the car. As he can't remove it, I think this is a loss to Mr K so Mercedes-Benz should reimburse him the £249 he paid. Mercedes-Benz should pay 8% simple interest on this amount from the date Mr K paid it, to the settlement of this complaint. This is because Mr K has been without use of these funds.

I think Mercedes-Benz should also pay Mr K £150 to acknowledge the distress and inconvenience that has been caused. This is because Mr K has had the stress of being restricted to a mileage limit he thought he'd be able to change. He said he's had financial worry about what he could potentially be charged under the agreement and has tried to restrict his use of the car as a result.

Mr K has also explained his disappointment at having to return a car as he is otherwise happy with it. He has said he will incur losses because of having to take out a new agreement on a different car. I'm unable to award for any potential losses as they are yet to occur, but I'm sorry to hear about his frustrations.

Mercedes-Benz didn't send any further comments by the response deadline in the provisional decision. They sent Mr K an alternative offer which has been put forward to him. Mr K responded with a counteroffer, which has also been sent to Mercedes-Benz.

Mr K responded and submitted additional points regarding the financial detriment he will experience as part of the agreement being unwound and asked for this to be considered on any settlement amount.

He said that he entered into the original agreement on a 0% finance deal and he won't be able to access a deal of this nature now. So, he has looked into some more finance deals available on similar cars. He says if he were to take a new deal this would cost him more, even taking into account any potential excess mileage charges under his current agreement.

He has said that any car he acquires will also be subject to the new luxury vehicle tax which has been introduced on vehicles over £40,000 from 1 April.

He has also explained that he will suffer inconvenience of having to source another car if the agreement is unwound. He said he will need to the deposit amount refunded before he can secure a new deal which means he might be without a car for a period of time. He has also raised concerns about the availability of car models available to buy and drive home straight away because of factory lead times.

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've considered what Mr K has said about the potential losses he may face if the agreement is unwound.

I explained in my provisional decision that I'm unable to award for potential losses as they are yet to occur. In reply to Mr K's concerns I would like to expand on this.

Put simply, I'm unable to award for losses that haven't happened yet as I can't be sure of what car Mr K will buy, the manner this will happen, or how long it would take.

I haven't been able to see on the screenshots Mr K provided what the manufacturing year of the car was when he requested finance quotes. But from what he has said about factory lead times, I assume Mr K has presented some losses based on a newer model car. While I understand Mr K's arguments, I don't think it would be fair to compare financial detriment in this way, as the car Mr K is experiencing a loss on is a 2023 model.

I also cannot know for sure the price Mr K would obtain if he were to purchase a similar 2023 model and so it wouldn't be fair for me to say he would be subject to the luxury vehicle tax, as the car he chooses to purchase may be under £40,000.

There will always be an element of inconvenience of having to source a new car, and I appreciate Mr K's frustrations and worries about this too. However, I don't know at this point if he will experience a wait time as he suggests. And so, I think the distress and inconvenience amount put forward acknowledges the inconvenience Mr K has experienced here.

I don't think the information put forward by Mr K changes the findings in my provisional decision.

And as I didn't receive any further comments from Mercedes-Benz about my findings, I see no reason to depart from the conclusions I reached in my provisional decision.

Mercedes-Benz has also made Mr K an offer outside of our formal process. Mr K should

contact them directly if he wants to speak about or accept this instead of the findings in my decision.

Putting things right

For the reasons I've explained, my final decision is that I uphold this complaint and ask Mercedes-Benz Financial Services UK Limited to:

1. Unwind the agreement so Mr K has nothing further to pay;
2. Collect the car at no extra cost to Mr K;
3. Reimburse the deposit of £8,994.20 Mr K paid;
4. Reimburse the £249 Mr K paid to install the dashcam;
5. Mercedes- Benz should add interest at a rate of 8% a year simple to parts three and four of this settlement from the date it was paid, to the date of settlement of this complaint.*
6. Pay Mr K £150 for the distress and inconvenience he has experienced; and
7. Remove any adverse information which has been recorded with the credit reference agencies

* Mercedes- Benz must pay these amounts within 28 days of the date on which we tell them Mr K accepts my final decision.

If Mercedes- Benz deducts tax from any interest they pay to Mr K, they should provide him with a tax deduction certificate if he asks for one, so he can reclaim the tax from the tax authorities if appropriate.

My final decision

My final decision is that I uphold this complaint and ask Mercedes-Benz Financial Services UK Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 8 October 2025.

Ami Bains
Ombudsman