DRN-5396622

The complaint

Mrs W complains that a car she acquired using a hire purchase agreement with Mercedes-Benz Financial Services UK Limited ("MBFS") was of unsatisfactory quality when it was supplied to her.

What happened

In March 2022, Mrs W acquired a used car using a hire purchase agreement with MBFS. The car was around two and a half years old with mileage of 16,276. The cash price of the car was £25,675 and Mrs W was required to make monthly payments of £300.17 over four years.

In June 2024, Mrs W noticed the engine warning light had come on while she was driving the car. Mrs W says she rang the dealership who asked her whether the car was driving ok. She said that it was, and the dealership told her it would be fine to continue to drive it.

However, later the same day, the car started to judder. Mrs W called the RAC who attended and noticed that the engine light was on, and detected there were misfires in cylinders one and four. The RAC swapped the engine coils over and swapped the spark plugs over with another set, but cylinder number four was still misfiring. They told Mrs W the car needed to be diagnosed further, and so Mrs W booked it in at her local dealership. The RAC also told her the engine was from a different car manufacturer than Mercedes.

Mrs W took the car to the dealership who diagnosed a fault with cylinder number four. They told her the car needed a new engine and that she needed to pay in excess of £5,900 for this. She contacted MBFS as she wasn't happy to pay anything towards the repair cost. MBFS offered to pay a total of 65% towards this, but Mrs W wasn't happy she had to pay anything at all.

Mrs W complained to MBFS about the car's faults and about the different engine. MBFS didn't agree that the car was of unsatisfactory quality when it was supplied to her. And they told Mrs W that she should speak to the manufacturer if she was unhappy about the engine being supplied by a different manufacturer.

The car was repaired and returned to Mrs W, who paid £2,560 towards the repair cost.

As Mrs W remained unhappy, she referred her complaint to our service. One of our investigators looked at what happened and recommended that Mrs W's complaint should be upheld. In summary, she felt the car wasn't of satisfactory quality as it wasn't sufficiently durable. She recommended that MBFS refund Mrs W the repair cost she paid, with interest, and that they should refund any payments she made while the car was unable to be driven by her. Our investigator also recommended that MBFS pay Mrs W £100 for the trouble and upset she'd been caused and that they should remove any adverse information from her credit file.

Mrs W agreed with our investigator's view, but MBFS didn't. They didn't agree the car was of unsatisfactory quality and felt our investigator hadn't correctly considered the Consumer

Rights Act 2015 ("CRA").

MBFS asked for an ombudsman to review the case.

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.

Firstly, it's important to point out we're an informal dispute resolution service, set up as a free alternative to the courts for consumers. I'm aware I've summarised the events of this complaint in less detail than what's been submitted by the parties. In deciding this complaint, I've focussed on what I consider to be the heart of the matter, rather than commenting on every issue or point made in turn. This isn't intended as a discourtesy to Mrs W or MBFS, but reflects the informal nature of our service, its remit and my role in it.

In cases where it's not clear what happened or where the evidence is incomplete or inconclusive, I base my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in the light of the available evidence.

Mrs W's complaint relates to a hire purchase agreement with MBFS. Our service can consider complaints about these types of agreements.

The CRA is relevant legalisation when considering the quality of goods supplied. This essentially says the car should be of satisfactory quality at the time it's supplied to Mrs W. Satisfactory quality is what a 'reasonable person' would expect, considering amongst other things the age, mileage and price of the car. Section 9 of the CRA refers to satisfactory quality and notes the quality of goods includes their state and condition. It goes on to list the following aspects, amongst others, of the quality of goods: (a) fitness for all the purposes for which goods of that kind are usually supplied; (b) appearance and finish; (c) freedom from minor defects; (d) safety; (e) durability.

The used car Mrs W acquired in March 2022 cost over £25,000, was around two and a half years old and had travelled 16,276 miles. When considering a car of this age and mileage, it would in my view be reasonable not to expect it to be in the same 'as new' condition it would have been in when it was first manufactured. But just because the car was used with some mileage, doesn't mean that MBFS has no requirements in relation to satisfactory quality, or more specifically in this case, durability. And I think it relevant that the cash price of the car was £25,000 which wasn't an inconsiderable sum.

I've not seen documentary evidence of what specifically caused the car to judder in June 2024, although the RAC noted that there were misfires in cylinders one and four, with the most serious issue being in cylinder number four. The dealership confirmed that repair work was carried out because of the issue with that cylinder.

Although this fault occurred some two years after Mrs W acquired the car, and after the car had travelled approximately 57,000 miles, I've seen evidence sent by Mrs W from the manufacturer that she serviced the car in 2022 and 2023. So, on balance it doesn't appear that the fault with the cylinder occurred because of how Mrs W was driving the car or because she wasn't adhering to the required and recommended servicing requirements. As I've mentioned, no evidence has been provided about what caused this fault. And with that in mind, and acknowledging this is a finely balanced issue, I don't think a reasonable person would expect such a serious fault to have occurred with the cylinders when the car had travelled only 57,000 miles.

As I've referred to above, the CRA includes durability as aspects of satisfactory quality. The durability of goods is to ensure they are made to last a reasonable amount of time, depending of course on what the specific goods are and how they've been used. I think it reasonable to expect the car's engine, or the components that are connected to and key to its performance to last for more than 57,000 miles. And there hasn't been any evidence provided by MBFS about what caused the fault with the car, and why it was caused, to make me think my view on this and how it relates to Mrs W's case, is unreasonable.

Ultimately, having considered all that the parties have said and provided, for the reasons set out above I'm not persuaded the car MBFS supplied to Mrs W under the hire purchase agreement was of satisfactory quality, as it wasn't sufficiently durable. I'm satisfied that a reasonable person, who has serviced the car in accordance with the instructions they received, wouldn't consider the car to be of satisfactory quality and it's for these reasons that I consider Mrs W's complaint should be upheld.

Putting things right

Mrs W has said, since our investigation began, that the car developed a further fault which she feels was more evidence that the car wasn't of satisfactory quality, She has though also confirmed that she isn't looking for the cost to repair this further fault to be refunded to her, and she's also confirmed the hire purchase agreement has now been settled as she's handed the car back and acquired another one.

I think a fair starting point here is that MBFS should refund Mrs W any payments she made to the hire purchase agreement from the time the car was inspected by the RAC in June 2024 to the time it was first repaired and returned to her. That's because she was paying for a car that she couldn't use, because it wasn't of satisfactory quality when it was supplied to her. Interest of 8% simple each year should be added to these refunds, from the date of each payment to the date of settlement. If payments weren't made to the hire purchase agreement during this time, and any adverse information was recorded with credit reference agencies, this should be removed from Mrs W's credit file.

I also think it fair that MBFS refunds Mrs W the £2,560 she paid to have the car repaired, providing she sends suitable evidence to them showing she paid that cost. Interest of 8% simple each year should be added to this, from the date of payment (or each separate payment if Mrs W paid this in instalments) to the date of settlement.

Finally, Mrs W has been caused distress and inconvenience as a result of being supplied a car that wasn't of satisfactory quality. In addition to what I've already set out, MBFS should pay Mirs W £100 to reflect this.

My final decision

I uphold this complaint and direct Mercedes-Benz Financial Services UK Limited to take the action I've set out in the 'putting things right' section of my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 19 September 2025.

Daniel Picken
Ombudsman