

The complaint

Mr L complains about a finance agreement for a car he took out with Mercedes-Benz Financial Services UK Limited ('MBFS').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Mr L took out a hire purchase (PCP) agreement with MBFS in early 2022 with a total amount payable of almost £46,000. Mr L requested an early settlement figure at the start of 2024 but complains that the figure of almost £32,000 he got was a lot higher than expected. And taking into account the payments he had made to date and the fact he traded in a car as a deposit toward the total cost of the finance.

Mr L wants to know what happened with his deposit. He also says the finance was mis-sold to him, and he didn't sign the agreement. He says things were not explained, and he was wrongly told that it was the best option for him by the broker.

MBFS did not uphold the complaint and neither did our investigator. Mr L has asked for this matter to be considered by an ombudsman for a final decision.

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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

Here I am looking at MBFS in its role as a finance provider – which also takes into account its responsibilities under Section 56 of the Consumer Credit Act 1974 in respect of the actions of the dealer in its role as a broker in arranging said finance.

I note that during the course of his complaint Mr L has raised several other matters. To be clear I am not looking at a complaint about the dealership in its role as a retailer. So matters he has raised outside the sale and administration of the finance (such as allegations the dealership failed to fill out paperwork properly, leading to him not getting a tax reminder and being fined) I am not going into further. Furthermore, I am only considering the matters relevant to the complaint Mr L raised to MBFS originally and dealt with in its 'Final Response' letter on 13 March 2024. If Mr L wishes to complain separately about other matters (such as his allegations about the insurance add-on products) he is free to do so.

I am sorry that Mr L considers he has been treated unfairly here. And I am sorry to hear about the impact he has said this has had on his health. I understand he is disappointed the settlement quote he got from MBFS was a lot higher than he says he was expecting. However, while I have not done precise calculations as to its accuracy – I don't think it should be lower. I will explain why.

Although Mr L traded in a car worth around £20,600 when he took out the finance MBFS has explained that this car was still subject to outstanding finance of about £14,600. Which only left around £6,000 to put toward the new car. There were then several extra options taken out by Mr L on the car – which reduced this deposit down to around £3,000 which was then carried into the finance agreement and used to reduce the cash price of the car accordingly.

So I do not agree that MBFS has not correctly taken Mr L's deposit into account in setting up the finance as he has indicated here. And factoring in this along with the payments he had made to date, the early settlement quote MBFS provided in January 2024 doesn't look clearly incorrect (noting that the interest rebate was calculated in accordance with the relevant provisions set down in law).

I know Mr L says things were not properly explained when he took out the finance agreement. However, I can see that this information was all clearly laid out in the pre-sale documents, such as the order form which appears to be wet ink signed by Mr L. And the finance agreement – which Mr L appears to have signed electronically.

I know that Mr L has indicated that he didn't sign the documents. But I don't have persuasive information to show the wet ink signatures are not his. And although the finance agreement was signed electronically MBFS has confirmed it was sent to Mr L's email address and provided some system notes it says shows he answered the electronic verification questions it asks as part of the signature process. So it seems it was likely signed by him. I also note Mr L raised this complaint after using the car and making payment under the agreement for around two years. I think this indicates he likely did have sight of and sign the agreement – otherwise I expect he would have raised a complaint sooner.

I know Mr L has made more general allegations about the way the finance was sold to him. And he says the salesperson took advantage of his keenness on the car. But I don't have persuasive evidence that he was treated in such a way that it would be reasonable to tell MBFS to pay him compensation or do something differently here. And while Mr L says the PCP agreement was not properly explained he hasn't really been specific and I can see that the key elements are all set out reasonably clearly in the agreement in any event. And while I note Mr L has pointed out that the salesperson no longer works for the dealership– I don't consider this to be persuasive in showing that the agreement was mis-sold. And while it is possible that Mr L has found out things now which have made him look at things differently – it seems more likely that if things had not been properly explained, or the broker had acted unfairly Mr L would have raised this nearer the time of supply.

Once again, I am very sorry to hear about the impact of the situation on Mr L, and which I can see he feels very strongly about. He does not have to accept my decision and can decide to take matters further if he wishes, such as by more formal routes like court.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 28 May 2025.

Mark Lancod
Ombudsman