

The complaint

Mr H is unhappy that a car supplied to him under a Personal Contract Plan (a type of hire purchase agreement) with Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance ('MBFS') was misrepresented.

What happened

The complaint circumstances are well known to both parties, so I don't intend to repeat this in great detail. However, to summarise, in September 2024, Mr H was supplied with a used car through a hire purchase agreement with MBFS. He paid a £10,960 deposit and the agreement was for £30,739 over 36 months, with 36 monthly payments of £409.24 and a final optional payment of £24,750. At the time of supply, the car was around six months old.

Shortly after collecting the car, Mr H complained to the supplying dealership about the interior ambient lighting, and that it wasn't as advertised. The car was inspected by the dealership on 1 October 2024, and they explained to Mr H that the lighting package he was expecting was not available on the particular model of car he'd been supplied with, and it was only available on the 2025 model. Mr H wasn't happy with this, and he asked to be able to reject the car within 14-days of it being supplied to him.

The dealership didn't accept rejection but offered Mr H £150 compensation instead, so the interior lighting package he wanted could be retrofitted. He wasn't happy with this offer and complained to MBFS. MBFS didn't uphold the complaint, so Mr H brought the matter to the Financial Ombudsman Service for investigation.

Our investigator looked into the complaint and didn't uphold it. Both parties have had sight of this outcome, so I won't be recounting it in detail. But, to summarise, the investigator didn't think the sale had been misrepresented.

Mr H didn't accept the investigator's opinion, and he didn't think he'd been provided with what had been advertised. He also said that he wanted to return the car within the 14-day cooling off period, and he wasn't allowed to exercise this right.

Because Mr H didn't agree, this matter has been passed 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 done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr H was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

When considering this matter, I've also taken into consideration section 56 of the Consumer Credit Act 1974. This states that any negotiations conducted by the credit broker or supplier of goods are deemed to be conducted in the capacity of an agent of the creditor, and that this includes all communications (including the advert) and representations made. This means that, in this case, any discussions, communication, or representations made by the supplying dealership in respect of the interior lighting were done so as an agent of MBFS, for which MBFS remain liable.

This is also a complaint about misrepresentation. For misrepresentation to be present there must (a) have been a false statement of fact, and (b) that false statement of fact must have induced, in this instance, Mr H to have financed this particular car with MBFS. However, I also need to consider that Mr H didn't purchase the car under the distance selling regulations i.e. he saw and had the opportunity to examine the car prior to purchase. The Consumer Rights Act 2015 ('CRA') is clear that, where a consumer has had the opportunity to examine the goods before or at the point of purchase, and where there is a clear and obvious variation to what may have been advertised, then there is assumed acceptance of that variation, and it doesn't make the goods of an unsatisfactory quality.

I've seen a copy of the vehicle order form, which confirms the make and model of car, and that it was first registered on 28 March 2024. However, this makes no specific reference to the lighting. The agreement with MBFS also confirmed the make and model of the car detailed on the vehicle order form, as well as specifying this was a 2023 model.

I've also seen a copy of the advert for the car, which states the car had "*ambient lighting premium*." However, there is no further information as to what this actually means by way of what interior lighting is present on the car.

The manufacturer's brochure for the 2023 model of car stated the car is supplied with ambient lighting – an interior lighting package for the lighting of footwells, door handle recesses, as well as rear reading lamps and courtesy lamps in all doors. For completeness, I've seen that this same package is referred to in the brochure for the 2025 model, with the same explanation as to what the lighting package includes. However, this is referred to as ambient lighting premium.

Further investigation seems to indicate that the lighting package on the 2025 model includes a greater colour choice, zone specific lighting, and a higher level of customisation. As such, based on what I've seen, I'm satisfied that the advert refers to a different interior lighting package to the one fitted to the car supplied to Mr H, and, more importantly, one that wasn't available on the make and model (the 2023 model) of car supplied to Mr H. I'm therefore satisfied there was a false statement of fact.

As I've explained above, I now need to go on to consider whether it was that false statement of fact – that the advert referred to an interior lighting package that wasn't available on the make and model of car advertised – which induced Mr H to finance this particular car. And, in this case, I don't think it did. I say this because Mr H inspected the car before it was supplied to him under the agreement with MBFS, and he also physically collected the car from the dealership.

Therefore, had the interior lighting package been that important to him that he wouldn't have accepted the car without it, then it's reasonable that he would've checked this (and potentially asked for a demonstration of how this worked) *before* he agreed to accept the car. As such, and while I accept that this became an element of frustration for Mr H after the car was supplied to him, I'm not satisfied that the threshold for misrepresentation has been reached. What's more, as I've explained above, by inspecting and accepting the car with the factory fitted lighting package provided by the manufacturer, Mr H accepted the variation to the advert under the CRA.

Mr H has also raised the issue that he was denied his 14-day right to reject the car. The agreement Mr H signed with the dealership on 26 September 2024 clearly set out that Mr H had a 14-day right of cancellation "*where the sale is a 'distance sale'.*" While there is no specific definition of the term 'distance sale' in the dealership's terms, the accepted legal definition of this is a sale that took place online, by phone, by mail order, through an interactive TV, or by text message and/or email. In this instance, as there is no specific definition within the terms, any reasonable person would expect the usual legal definition to apply instead.

Mr H had the opportunity to inspect the car before collection, and he physically collected the car from the dealership. As such, this wasn't a distance sale and the 14-day right to cancel associated with this type of sale didn't apply.

Mr H also had the right to withdraw from the agreement with MBFS. However, this is different to his right to reject the car. Under this right, Mr H was able to withdraw from the agreement by repaying the amount he'd financed. However, in doing so, he would've remained in possession of the car.

Finally, the CRA gave Mr H a 30-day right to reject. But this only applied if the car wasn't of a satisfactory quality when it was supplied. As I've explained, as Mr H accepted the variation to the advert relating to the lighting by accepting the car, the lighting package didn't make the car of an unsatisfactory quality. And I haven't seen anything to show me the car was supplied with faults that made it of an unsatisfactory quality.

Therefore, Mr H didn't have any right to reject the car, so the dealership didn't act unreasonably by not letting him do this. In conclusion, and while I appreciate this will come as a disappointment to Mr H, I'm satisfied that MBFS have acted reasonably in all the circumstances, and I won't be directing them to take any further action.

My final decision

For the reasons explained, I don't uphold Mr H's complaint about Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 23 September 2025.

Andrew Burford
Ombudsman