

The complaint

Mr M complains about a car supplied to him using a hire purchase agreement taken out with Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance ("MBFS").

What happened

In November 2023, Mr M acquired a used car using a hire purchase agreement with MBFS. The car was less than a year old, the cash price of the car recorded on the agreement was £59,995, the agreement was for 48 months, made up of 48 regular, monthly repayments of £905.32, followed by a final optional purchase payment of £27,900, and a £10 purchase fee. The deposit recorded on the agreement was £4,866. The mileage recorded on the agreement for the car was 968 miles.

Mr M contacted the supplying dealership in December 2023 as he said he identified an issue with the car, where he noticed some vibration through the steering wheel which increased under braking.

The car was booked in to be investigated in January 2024 by a local third-party manufacturer dealership, under the supplying dealership's authorisation. The manufacturer dealership found there was three damaged alloy wheels, which they suspected was the cause of the vibration Mr M experienced.

It was agreed with the supplying dealership to have the alloy wheels repaired locally, by a third-party repair specialist. However, Mr M said he still experienced a vibration issue with the car.

The car was booked in again to be investigated in February 2024, alongside a recall issue that needed to occur to the car. Mr M said they couldn't find a fault with the car, and suspected it was a tyre pressure issue. Further investigation was required to determine if there was a fault with the car, but Mr M said they didn't have a courtesy car available to give him until April 2024.

Due to the time it was taking for the car to be investigated and repaired, Mr M requested to reject the car in March 2024.

The car was due to be inspected in April 2024 by a manufacturer dealership. Mr M was unable to attend due to unforeseen circumstances, where his car's tyre failed and needed to be repaired before he could reach the dealership.

Mr M said he continued to chase both the supplying dealership and the local third-party manufacturer dealership to arrange another date to have the car inspected but didn't receive a response.

Mr M complained to MBFS in May 2024, and in June 2024, they provided their final response to him, explaining that they didn't uphold his complaint. MBFS didn't think the issue was an inherent manufacturing fault with the car, and so didn't allow Mr M to reject the car.

Unhappy with MBFS's response, Mr M referred his complaint to our service.

Our investigator initially found that MBFS didn't need to do anything further. The investigator was satisfied the car did have a fault but was also satisfied that the issue had been rectified. So he didn't think it was fair for Mr M to be able to reject the car.

Mr M disagreed and supplied a report completed by a third-party garage, which I'll refer to as ("Report A"). Report A explained that the car did have a light vibration that appeared at about 20mph which could be felt through the seats. The mechanic didn't think it was normal and that the car needed further investigation. It also explained that whilst braking, the car had a vibration from the front brakes, which they thought suggested there could be an issue with distorted/damaged front discs, which also needed further investigation.

Our investigator issued a further view and found that MBFS needed to do more to put things right. The investigator concluded that MBFS should arrange for the vibration issue to be investigated further and have it repaired. The investigator also thought that MBFS should pay Mr M £150 for the distress and inconvenience caused by this complaint.

Mr M disagreed with the investigator's findings. Among other things, he explained that MBFS had an attempt to repair the car, which didn't rectify the fault. And he said that he gave them further opportunities to sort the issue but they hadn't done so within a reasonable time. So, Mr M wanted to reject the car.

MBFS accepted that they would arrange an inspection of the car and respond accordingly based on the results of the inspection.

Mr M agreed to have the car inspected, which occurred in November 2024. The recorded mileage on the report, which I'll refer to as ("Report B") was 6,125 miles at the start of the inspection.

Report B explained that they were shown invoices in relation to the car. Report B also confirmed a slight vibration could be felt, which started at 26mph, and increased very slightly at a higher speed, and then remained constant. The report concluded that the most likely cause for the vibration was due to slightly incorrect wheel repairs that had been carried out in the past.

Following the independent inspection report, MBFS explained they disagreed with the investigator's findings. In summary, they thought that the issue with the wheels was due to external influences and due to previous wheel repairs, rather than an issue which was present or developing at the point of supply.

Mr M had a further inspection carried out to the car in November 2024, which I'll refer to as ("Report C"). The recorded mileage of the car on the report was 6,941 miles.

Report C concluded that the car had a slight vibration, which was possibly due to a wheel balancing issue, but further investigation was recommended to confirm the findings. So, the report suggested a wheel balance test was completed on the car, and if the issue still remained, they thought it was possible that there was damage to the steering/suspension components, but again, further investigation would be required.

As a resolution couldn't be reached with the investigator, the complaint was passed to me to decide.

I issued a provisional decision on 16 April 2025 where I explained why I intended to uphold Mr M's complaint. In that decision I said:

"I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr M complains about a car supplied to him under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr M's complaint about MBFS.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – MBFS here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. It's important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note here that the car Mr M acquired was almost new, being less than a year old at the point of supply, with a recorded mileage of 968 miles, and the cash price of the car being almost £60,000. I think a reasonable person would expect it to be in excellent condition, with no faults or issues. And I think they would expect trouble free motoring for a significant period.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

In this instance, there are three separate reports (Report A, B and C) which experienced the same issue with the car. They all confirmed they experienced a vibration when the car was driven at a low speed. Some reports also went on to say that a slight vibration could also be felt at higher speeds. Each report concluded that further investigation was required to determine the specific fault with the car which caused the vibration to be felt, but report B and C said that it was likely due to wheel alignment issues.

While I accept a specific fault hasn't been determined, considering I have seen three separate, independent reports which make the same finding, I'm satisfied there is likely a fault with the car which is causing a vibration issue.

Was the car of satisfactory quality at the point of supply?

While Report A and Report C doesn't make a finding on when the fault with the car likely developed, I have noted Report B concludes the fault was likely not present or developing at the point of supply and was likely due to incorrect wheel repairs having been carried out. MBFS also believe the fault wasn't present or developing at the point of supply.

On the other hand, Mr M strongly believes the issue was present from the outset and said he contacted the supplying dealership about the issue shortly after acquiring the car.

Considering the circumstances, I'm more persuaded by what Mr M has said here, and I'll explain why below.

Mr M contacted the supplying dealership about issues he experienced shortly after acquiring the car before repairs were carried out to its wheels. Considering the fault presented itself shortly after the car was acquired, I'm satisfied the fault was likely present or developing at the point of supply. So, I'm not persuaded by the findings of Report B here, where they concluded it wasn't present at the point of supply.

Furthermore, thinking about the car Mr M acquired, its age, and the price he paid, I don't think a reasonable person would consider it to have been reasonably durable. It follows that I don't think the car was of satisfactory quality due to the vibration issues Mr M has experienced whilst driving the car.

Remedies under the CRA

What I now need to consider is what MBFS needs to do to put things right.

I've gone on to think carefully about the remedies available to Mr M under the CRA. I've also thought carefully about the time that has elapsed since the car has had the issue and the opportunity MBFS has had to resolve the issue with the car.

Section 24(5) of the CRA says:

"a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract."

This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e. it's not a single chance of repair for the dealership and a single chance of repair for MBFS – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

In this case, there was an attempt to repair the car in January 2024 when the supplying dealership authorised for it to be investigated by a third-party. And since those repairs have been carried out, there are three separate reports to show that the vibration persists.

So, I'm satisfied MBFS has already had the opportunity to repair the car and I think it failed or the car has an underlying fault that was never put right. I say this because, the root cause of the fault still hasn't been determined, despite an attempted repair and a further three inspection reports completed on the car. I don't think it would now be fair to allow MBFS the opportunity to repair the car again, as there isn't a guarantee that the fault could be resolved within a reasonable time, and without significant inconvenience to Mr M.

As I'm satisfied Mr M has had one repair, and the car still has a fault, it follows that I think it is fair and reasonable for Mr M to be allowed to now reject the car.

Impaired usage

Mr M says the issue with the car started shortly after acquiring it and informed the supplying dealership of the issue within a week or so. And from the various reports supplied, I'm satisfied the issue continues to present itself. So, I've considered Mr M's usage over the time the car has had a fault.

I'm mindful that the issue which Mr M experiences is a slight vibration, which begins at fairly low speeds. So, I think it is fair to say that Mr M would likely experience a vibration in all journeys he takes in the car.

Considering things here, I think it is fair for MBFS to reimburse Mr M 5% of all monthly repayments made towards the agreement. So, from November 2023 up until when the agreement ends and the car is returned.

Distress and inconvenience

I think it must have been frustrating and inconvenient for Mr M to have to deal with the issue the car has had. And I'm mindful that MBFS could have commissioned their own independent report during their own investigations, before the complaint was referred to our service, to determine the fault with the car. The issue has lasted well over a year and from my understanding, it still hasn't been resolved.

I think MBFS should pay Mr M a slightly higher amount than that recommended by our investigator, of an additional £100 for the distress and inconvenience caused. I think £250 more fairly reflects the level of distress and inconvenience Mr M has experienced because of the above."

I set out that I intended to uphold this complaint. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to the provisional decision

MBFS responded to my provisional decision and provided some further comments. They said there is no record of a booking or related contact made by Mr M to the supplying dealership or the local third-party manufacturer dealership in December 2023.

Among other things, as MBFS were unable to substantiate Mr M's contact with the supplying dealership and/or the local third-party manufacturer dealership in December 2023, based on the balance of probabilities, they thought the defect arose after the car was in Mr M's possession.

Mr M didn't respond before the deadline set in my provisional 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.

Having done so, I'm not persuaded to change my decision from the conclusion I reached in my provisional decision. And I'll explain why below.

I have considered the further comments MBFS has made. I accept that it is possible that Mr M didn't contact the supplying dealership or the local third-party manufacturer dealership in December 2023, as no call recordings have been supplied. However, I don't think this changes my decision. I say this because, regardless of whether Mr M contacted the dealerships in December 2023 or January 2024, I think it's unlikely Mr M managed to buckle three alloy wheels within a month or so of acquiring the car. MBFS has accepted that repairs were carried out to the car in January 2024. And since those repairs, there are three separate reports to show that the vibration persists.

As I'm satisfied Mr M has had one repair, and the car still has a fault, it follows that I think it is fair and reasonable for Mr M to be allowed to now reject the car.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance to put things right by doing the following:

- End the agreement with nothing further to pay.
- Collect the car (if this has not been done already) at no further cost to Mr M.
- Refund Mr M's deposit payment towards the agreement of £4,866. If this deposit payment was made up of funds through a dealer contribution, then MBFS doesn't need to refund this amount. *
- Reimburse Mr M 5% of all monthly repayments made towards the agreement up to when the agreement ends and the car is collected. *
- Pay Mr M £250 to reflect the distress and inconvenience caused.
- Remove any adverse information from Mr M's credit file in relation to the agreement, if any.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If MBFS considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If MBFS has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 May 2025.

Ronesh Amin
Ombudsman