

The complaint

Mrs A has complained that a car she bought, using finance from Mercedes-Benz Financial Services UK Limited ('MBFS'), was not of satisfactory quality at the point of supply. She'd like to reject the car.

What happened

On 31 July 2024, Mrs A entered into a finance agreement with MBFS for a used car. The car had covered just under 30,000 miles, and was almost five years old. Soon afterwards, Mrs A cleared the balance and so became the owner of the car.

Unfortunately, within a month, Mrs A noticed some issues with the car, and took it to the supplying dealership. This included a 'clicking' of the wheels when driving. The car was kept for a month, during which time Mrs A was kept mobile in a lower-spec car, but the issues weren't identified. Mrs A then took the car to another dealership, which found the wheel bearings needed to be replaced. The parts were ordered and delivered in January 2025, but the repairs couldn't be carried out until the April, due to diary clashes.

One of our investigators looked into what had happened. He was satisfied there was a fault, as identified by the second dealership. He thought that repair was reasonable, and noted this had been arranged.

Our investigator also looked at other costs Mrs A had incurred. Specifically, she was unable to use the car while the faults were being investigated, and the courtesy car she had was significantly different from her own car. Then, when the car was returned, and up until the repairs, Mrs A suffered loss of enjoyment due to the faults. So, our investigator thought she should be refunded 10% of her monthly repayments to reflect this.

He was also satisfied that Mrs A suffered distress and inconvenience, particularly in needing to take the car to a second dealership to have the fault identified herself. He felt £200 compensation was fair to address this aspect of the complaint.

MBFS agreed. Mrs A did not. In summary, she explained:

- there had also been a coolant leak, which was unacceptable, particularly given the limited miles travelled;
- there had already been an attempt at repairs, because the dealership had already used grease to remedy the 'clicking', without success;
- Mrs A reported a number of faults within days of taking delivery of the car, so had a short-term right to reject and receive a full refund. Allowing repairs shouldn't waive that right; and
- the inconvenience she suffered was significant, given the courtesy car was an incomparable model; she was concerned about the car's safety; and she had paid off the car in full, so suffered loss from a car she couldn't use.

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 upholding it, but am not requiring MBFS to accept rejection of the car. I know this will be very disappointing for Mrs A, but I'll explain why.

I can see that issues were initially identified with a coolant leak, the console, the brake pads and suspension. As I understand it, these were all put right quickly. And, I'm mindful that the car was a used car, so would reasonably be expected to be more road-worn than a brand new car. I know Mrs A is particularly concerned about the coolant leak, and feels there may be an inherent manufacturing fault, which she'd like me to investigate. While I do understand her concerns, it isn't my role to gather evidence. This isn't intended as a discourtesy, but reflects the informal nature of our service. But in any event, this issue was remedied, so I'm satisfied this issue has now been resolved.

I turn now to the fault with the bearings. Mrs A has explained that there was already a repair attempt, as grease was ordered from Germany, but this didn't stop the 'creaking'. Rather, new parts were required. Under the legislation, MBFS should be allowed one repair attempt. So, I've thought about that carefully. I can see there were previous issues that I referred to above (coolant, console, brake pads and suspension), but I'm not persuaded these weren't wear and tear – so wouldn't count towards the one repair attempt. I do have potential reservations regarding the coolant, but not enough evidence there was an inherent fault. So, I've focussed on the main issue, which I think is the bearings.

The use of grease didn't put things right, as, in fact, new parts were required. Technically, the use of grease could be viewed as a 'repair'. But, I'm also mindful that the correct repairs were scheduled to be carried out in April, and I'm not aware of any further issues with the bearings from this time. So, taking a pragmatic view, I think repair was a reasonable remedy here. I don't think rejection would be appropriate in these circumstances. As regards Mrs A's short-term right to rejection, I'm satisfied this should fairly be considered to have been waived, as the early repairs went ahead.

I turn now to what else should be done to put things right – beyond the repairs. Our investigator felt 10% of the monthly repayments should be refunded, to reflect the courtesy car being of lower spec, and Mrs A's loss of enjoyment. I think this figure should be higher. It's clear the courtesy car was significantly different. And, when Mrs A had use of her own car, having an issue with the bearings is a significant factor in loss of enjoyment. So, I think she should be refunded 20% of her monthly repayments, from when the car was first taken to the garage in August 2024, to when her car was returned after the bearings were repaired/replaced. For the avoidance of doubt, I'm aware that Mrs A had paid off the finance in full. So, my reference to monthly repayments is a reference to what they would have been, had the finance not been settled.

I've also considered the distress and inconvenience caused. I can see that Mrs A had to take steps herself to have the fault correctly identified, and the matter has been frustrating and time-consuming. What should have been an exciting purchase, instead became an unpleasant experience. I think £200 is a significant sum to address this aspect of the complaint, particularly when taken alongside the 20% reimbursement I set out above.

Putting things right

To put things right, MBFS should:

- refund 20% of what Mrs A's monthly repayments would have been under the agreement had she not settled the finance, from when her car was first taken to the garage in August 2024, to when her car was returned after the bearings were repaired/replaced. It must add 8% simple interest to each of these monthly sums, from the date they'd have been paid under the agreement (had it not been paid off), to the date of settlement; and
- pay Mrs A £200 for the distress and inconvenience caused.

My final decision

It's my final decision to uphold this complaint, and I require Mercedes-Benz Financial Services UK Limited to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 29 September 2025.

Elspeth Wood
Ombudsman