

The complaint

Mr F is unhappy that a car supplied to him under a hire purchase agreement with Mercedes-Benz Financial Services UK Limited ('MBFS') was of an unsatisfactory quality.

What happened

In February 2024, Mr F was supplied with a used car through a hire purchase agreement with MBFS. He paid a £6,264.07 deposit and the agreement was for £16,615.93 over 36 months; with monthly payments of £400 and a final payment of £6,250 if Mr F wanted to keep the car. At the time of supply, the car was almost seven years old and had done 75,033 miles (according to the agreement).

Shortly after being supplied with the car, Mr F started to have problems with the battery and warning messages appearing. He complained to the dealership, and they attempted to have a breakdown company diagnose and possibly fix the car. However, they eventually took back the car and diagnosed and resolved a battery fault. This repair was successful, and there have been no further problems with the car.

On 14 November 2024 the dealership confirmed that *"due to our poor workmanship ... we didn't fit the battery correctly [which] was the reason you experienced further warning messages to appear, that also led to you not being able to use your car."* In resolution of the complaint, they offered to refund Mr F one monthly payment and provide him with a free service. Mr F refused this offer, explaining to the dealership that the car had sat unused on his drive for 3-months while they tried to resolve the issue; during which time he had to make alternative travel arrangements as he hadn't been provided with a courtesy car.

Unhappy with what had happened, Mr F complained to MBFS. They responded to the complaint on 5 March 2025, upholding it. MBFS acknowledged there was a fault with the car when it was supplied to Mr F, and that it took the dealership *"a while to have the issue rectified."* So, in addition to the payment refund offered by the dealership, they also offered Mr F £250 compensation for the trouble and upset he'd been caused.

Mr F remained unhappy, so he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said there was a fault with the car when it was supplied to Mr F that made it of an unsatisfactory quality. However, as the fault had now been fixed and there was no evidence it had reoccurred, the investigator didn't think Mr F should now be allowed to reject the car. However, the investigator thought MBFS should refund three payments to Mr F, on top of the £250 compensation they'd offered, to account for the time Mr F was without use of the car.

Mr F didn't agree with the investigator's opinion as he didn't think £250 compensation adequately reflected the situation he was in. MBFS also disagreed with the investigator. They said there was no supporting evidence to show that Mr F was told not to drive the car, and the car was drivable while the parts were on order. They also said Mr F *"was always kept mobile in a courtesy vehicle when [the car they supplied was] in the workshop."*

Because neither party agreed with the investigator, 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 F 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.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, MBFS are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless MBFS can show otherwise. So, if I thought the car was faulty when Mr F took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask MBFS to put this right.

In this instance, it's not disputed there was a problem with the battery that resulted in warning messages being displayed, nor that this fault was present when the car was supplied to Mr F, so making it of an unsatisfactory quality. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think, if anything, MBFS should do to put things right.

Putting things right

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 confirm to contract."* This is known as the single chance of repair. While it's clear from the evidence I've seen that there were some delays in the car being repaired, the single chance of repair has taken place. And there's nothing to show me that this single chance of repair failed i.e., that the issues with the car persisted after the repair had taken place. As such, I'm satisfied that repair was reasonable in the circumstances, and Mr F doesn't now have a right of rejection.

I've also reviewed all the correspondence between Mr F and the dealership at the time the fault occurred with the car. Mr F's testimony is consistent that the warning messages that were displaying due to the battery being fitted incorrectly were telling him to 'stop the car'

and not drive it. His testimony is also consistent that this went on for a period of around three months, during which time he was not supplied with a courtesy car. What's more, I haven't seen anything to show me that Mr F was told the car was safe to drive, despite the warning messages telling him not to.

With regards to the courtesy car, I've no doubt one was provided when the car was with the dealership for the repair to take place. However, as acknowledged by MBFS, the parts were on back order, so there was a delay in the repair taking place. The correspondence at the time made no reference to any courtesy car being provided for the around three months Mr F was unable to drive the car, but it does refer to his need to arrange alternative transportation. As such, I'm satisfied that Mr F wasn't kept mobile during this period.

As Mr F was unable to drive the car for a period of around three months, due to the consistent warning messages telling him to stop the car, and as he wasn't provided with a courtesy car during this period, he was paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as MBFS failed to keep Mr F mobile; I'm satisfied they should refund the payments he made during this period.

I also think Mr F should be compensated for the distress and inconvenience he was caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note that MBFS have already offered to pay Mr F £250, to recognise the distress and inconvenience he's been caused by the complaint. While Mr F doesn't believe this amount is sufficient, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

When taken into consideration with the payment refund (which would go towards any alternative transport costs Mr F incurred) I think this is significant enough to recognise the worry and upset Mr F would've felt during the three-month period when he was trying to arrange to have the fault with the car diagnosed and then repaired. So, this is a payment I'm directing MBFS to make

Therefore, if they haven't already, MBFS should:

- refund the payments Mr F paid in August, September, and October 2024;
- apply 8% simple yearly interest on the refunds, calculated from the date Mr F made the payments to the date of the refund[†]; and
- pay Mr F an additional £250 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (MBFS must pay this compensation within 28 days of the date on which we tell them Mr F accepts my final decision. If they pay later than this date, MBFS must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires MBFS to take off tax from this interest, MBFS must give Mr F a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr F's complaint about Mercedes-Benz Financial Services UK Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 4 September 2025.

Andrew Burford
Ombudsman