

The complaint

Mr S complains about the discrepancy of the deposit he paid towards a car that was supplied through a hire purchase agreement with Mercedes-Benz Financial Services UK Limited (MBFS).

Mr S has been represented on this complaint. But to keep things simple I'll only refer to Mr S in my decision.

What happened

In April 2024, Mr S acquired a new car through a hire purchase agreement with MBFS. The cash price of the car was £32,095. A deposit of £4,750 is listed, so the total amount financed on the agreement was £27,345 payable over 48 monthly repayments of £316.64 with a final optional purchase payment of £17,375.

Mr S complains that despite increasing his initial deposit by £500, the monthly repayments on the agreement remained the same as what he'd been quoted with a lower deposit. Mr S believes the increased deposit should have meant a lower repayment amount.

To resolve matters Mr S would like the additional £500 he added to the deposit refunded to him.

In September 2024, MBFS issued their final response to Mr S' complaint, which they didn't uphold. In summary, it confirmed Mr S was due a £500 compensation payment for a previously rejected vehicle, which he asked to be put towards the deposit for the new car. It confirmed Mr S was given the following information:

- *deposit amount: £4,250.00 = instalments set at £328.00 - (£4,000.00 from [Mr S], £250.00 finance contribution).* D
- *deposit amount: £4,750.00 = instalments reduced to £316.00 - (£4,000.00 from [Mr S], £250 finance contribution, £500.00 good will payment)* D

Unhappy with their decision, Mr S brought his complaint to our service where it was passed to one of our Investigators to look into.

The Investigator recommended that Mr S' complaint should not be upheld. In summary, the Investigator acknowledged a conversation about the monthly repayments had likely taken place between Mr S and the dealership, however, that as he'd signed the agreement which had set out the details of the monthly repayment and deposit, he'd agreed to the terms of the contract and had the opportunity to raise any concerns before signing.

Mr S didn't accept the Investigator's assessment and asked that his complaint be referred to 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Mr S complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr S' complaint about MBFS.

The issue being disputed here appears to be the fairness and accuracy of the monthly repayments Mr S is expected to make following an increase to the deposit he paid.

Mr S has provided us with email correspondence between himself, and the dealership dated in March and April 2024. The emails are in relation to the main terms of the deal they both hope to reach in relation to the vehicle being supplied.

I think it's reasonable to conclude from the emails that both parties were attempting to agree and settle on what the monthly repayments would be for the new vehicle based on the deposit contributions of £4,000 and £4,500 from Mr S. I think it's also fair to conclude from later emails that after the car was collected by Mr S, there was some confusion and disagreement with the monthly repayments.

In one email the dealership says £500 will be given to Mr S towards the new car, and in a later email, the dealership says it was paid directly to Mr S bank account prior to the car being collected. However, the dealership later advised in an email that the deposit amount of £4,500 was Mr S' choice to reduce the repayments from £328 to £316.

Having considered all the information provided, I think it's likely the person corresponding with the dealership (Mr S' representative), wasn't privy to all interactions Mr S had with the dealership. For example, in an email dated 30 April 2024, the dealership advised "*The deposit of £4500 was [Mr S] decision to reduce the payment from £328 to £316*"

I think it's likely Mr S went ahead with the decision independently from his representative. So, I've considered whether the information on the finance agreement was made clear enough for Mr S before he entered into it.

The Consumer Credit Sourcebook (CONC), which can be found within the Financial Conduct Authority's (FCA) handbook, says that a business must ensure that a communication or a financial promotion is clear, fair, and not misleading.

CONC 3.3.1 provides some examples which include ensuring that communication is clearly identifiable, is accurate and presented in a way that is likely to be understood, or that does not disguise, omit, diminish or obscure important information.

I've not seen any evidence of the face-to-face conversations that would likely have taken place prior to Mr S signing the agreement, however I have seen a copy of the signed agreement which I think is fair to say has relevant and key financial information on the front page.

The agreement shows in a reasonably clear format; the amount of the deposit paid along with the monthly repayments. So, I'm satisfied that Mr S would have had the opportunity to consider the key information he was agreeing to prior to signing the contract. Had Mr S had a concern about the monthly repayments, I think it's reasonable to expect he should've queried it at the time, and or waited until he received a finance agreement that included the financial information he was happy with, before he chose to sign it and agree to its terms.

All things considered, although I acknowledge there has been a degree of confusion over the deposit Mr S paid and the expectations around the monthly repayments he expected to pay, I'm satisfied from the information provided that MBFS has acted fairly in the circumstances and that Mr S has received a lower monthly repayment than what was originally agreed, as a result of increasing his deposit contribution.

As I've concluded that MBFS have acted fairly in the circumstances, I won't be instructing them to take any action in relation to this complaint.

My final decision

My final decision is that I don't uphold Mr S' complaint about Mercedes-Benz Financial Services UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 October 2025.

Benjamin John
Ombudsman