DRN-5659300

## The complaint

Mr O complains that Mercedes-Benz Financial Services UK Limited (MBFS) ended his hire due to a breach of contract. Mr O feels this was unfair, and says this has caused emotional and financial distress. He would like his finance agreement reinstated along with compensation.

## What happened

The details of this complaint are well known to both parties so I won't repeat them again here instead I will focus on giving the reasons for my 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 have reached the following conclusions: -

- Mr O doesn't dispute that he was in breach of his contract due to a temporary lapse in insurance cover, however as he rectified this, he feels MBFS's actions in ending his contract were unduly harsh.
- I have looked at the agreement Mr O signed. This makes it clear that the car needed fully comprehensive, continuous, and uninterrupted insurance from the date of delivery until the car was returned or collected. Mr O explained the lack of insurance was an 'administrative' issue with an auto renewal which he says he quickly rectified. He hasn't however evidenced when the insurance cover was in place or the renewal failure. However the insurance provision is clear in the contract, it was Mr O's responsibility to ensure that the car was insured, and it wasn't.
- Additionally, the agreement makes it clear that the car was for Mr O's use only and that use by an unauthorized third party would be considered a breach of the agreement. Not only was the car used by someone else but, despite Mr O telling us this person had temporary insurance, they were unable to evidence this to the police. Neither has Mr O evidenced this to us.
- MBFS has explained their policy is to terminate an agreement when terms have been breached. The terms of the contract were clear, and Mr O breached two of these. I don't feel MBFS's actions were either unfair or disproportionate.
- As MBFS acted within the terms of its agreement I can't reasonably ask it to reinstate Mr O's agreement as he would like.
- Mr O has raised a further point about the default MBFS put on his credit file. He has told us this will affect remortgaging his house potentially risking losing it and may prevent him from accessing credit in the future. I can't reasonably consider potential future risks – credit providers typically consider a range of factors when considering credit applications so Mr O's fears may not materialise.

- Even if Mr O had evidenced some direct impact because of the default, it’s important that credit files accurately reflect credit history. So, on this basis as the default is an accurate reflection of Mr O’s account with MBFS it wouldn’t be reasonable for me to ask it to remove it.
- Finally, I appreciate the contract termination would have caused some distress and inconvenience for Mr O. However, it wouldn’t be fair for me to expect MBFS to compensate Mr O for this as he has asked. The situation that led to the termination was not one of MBFS’s making.

**My final decision**

My final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr O to accept or reject my decision before 5 August 2025.

Bridget Makins
**Ombudsman**