

## **The complaint**

Ms G, who is represented by a third party, has complained that Mercedes-Benz Financial Services UK Limited ("Mercedes-Benz") irresponsibly granted her a hire purchase agreement she couldn't afford to repay.

## **What happened**

In April 2021 Ms G acquired a used car financed by a hire purchase agreement from Mercedes-Benz. Ms G borrowed £25,154.00 and was required to make 48 monthly repayments of £325.90, with the option to make an additional lump-sum payment if she wanted to own the car at the end of the agreement. The total amount of credit repayable was £29,678.20. Ms G also paid a small deposit.

The agreement was settled in September 2023.

Ms G says that Mercedes-Benz didn't complete adequate affordability checks and that her financial situation worsened as a result of taking on the agreement. She says Mercedes-Benz ought to have seen that the agreement wasn't affordable.

Mercedes-Benz didn't agree. It said that it carried out a thorough assessment which included checking her income, credit history and that she could afford to meet the monthly repayments sustainably.

Our investigator didn't recommend the complaint be upheld. He thought that ultimately Mercedes-Benz hadn't acted unfairly or unreasonably by approving the finance agreement.

As Ms G didn't agree, her complaint has therefore been passed to me 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Ms G's complaint.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've seen that Ms G told Mercedes-Benz that she was earning between £16,000 and £22,000 and gave details of her employment. The credit check Mercedes obtained for Ms G didn't show any concerns. She owed around £24,000 in credit, including an existing car finance agreement with Mercedes-Benz which would be settled by way of the new agreement. The new agreement would be costing her essentially the same as the previous one. There were no defaults or other adverse markings on her credit file.

I can't see what Mercedes-Benz did to be sure of what Ms G was earning each month, although given her occupation this is likely to have been something it could easily check. Also, given that the new agreement cost more or less the same as the previous one, I can't say from that alone that she was overburdening herself financially. But I still tend to agree that Mercedes-Benz ought to have taken steps to establish what Ms G's key monthly spending costs were likely to be. One way to do this would be by relying on statistical information. Without having some indication about Ms G's regular committed expenditure at the time, Mercedes-Benz wouldn't have got a reasonable understanding of whether the agreement was still likely to be affordable or not. Nor can I be certain what Ms G would have told Mercedes-Benz had it decided to ask her about regular expenditure. I don't think Mercedes-Benz needed to request bank statements, but in the absence of anything else, I've looked to the bank account data analysis provided by those representing her.

Having done so, I'm broadly in agreement with what our investigator found. Ms G was receiving a monthly income from her employer of around £1,260 in the three months leading up to her taking out the new agreement. After allowing for her regular committed monthly expenditure of, which looked to be in the region of £700, she looked to have around £560 left to meet the cost of the new agreement and other daily items such as food shopping.

I've seen that those representing Ms G have suggested that she wouldn't have enough to meet grocery and petrol costs. Petrol, and other car running costs will be something Ms G was already paying alongside her existing agreement, but other aspects of her situation could have changed. I also appreciate that Ms G may well have had to reduce her reliance on non-essential items from time to time. And there could be occasions when she would have to be more careful with her finances.

But what I don't think I'm able to fairly say here is that taking on the new agreement would have subjected her existing situation to a greater strain than it was under before. And I don't see enough to show or suggest that her finances were at risk of deteriorating such that she might not be able to repay the new agreement sustainably.

Taking all this into consideration, the agreement looks likely to have been affordable to Ms G. I can't say that there's enough to show or suggest that Ms G's financial circumstances were deteriorating or were at risk of doing so. And I also don't think from what I've seen that they let Ms G down in some other way.

I've also considered whether the relationship between Ms G and Mercedes-Benz might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Mercedes-Benz lent irresponsibly to her or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

It follows that, whilst I'm sorry to have to disappoint Ms G on this occasion, I don't think Mercedes-Benz acted unfairly, either when granting her the credit agreement or in some other way during the course of the agreement.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 4 November 2025.

Michael Goldberg  
**Ombudsman**