

The complaint

Miss S is unhappy that a car supplied to her under a hire purchase agreement with Mercedes-Benz Financial Services UK Limited (MBFS) was mis sold.

When I refer to what Miss S has said and what MBFS have said, it should also be taken to include things said on their behalf.

What happened

Miss S was supplied a new car via a hire purchase agreement with MBFS. This was ordered during November 2023 and delivered in early December 2023. The price of the car was listed on the agreement as £38,429.00 with a total deposit/contribution of £12,429.99. Miss S was due to pay 24 monthly payments of £109.85 with a final option purchase payment of £26,000.

Miss S initially wanted an A180 but this model was out of stock, so she ended up ordering an A200. Miss S subsequently discovered that the car tax payable on the A200 was £590, which was considerably more than she was anticipating paying and more than the A180. Miss S felt that she was misled during the sales process and was informed that the tax would in fact be £180. She complained to MBFS.

MBFS did not uphold Miss S's complaint and pointed to the agreement she signed on 29 November 2023 as being clear. As the retail arm is a separate entity from them, they directed Miss S to raise her complaint about what was discussed during the sales process to them.

As Miss S was not happy with this response she complained to us.

On 29 May 2025 our investigator issued their view. They upheld Miss S's complaint. They primarily relied on a WhatsApp message that stated "For 1st year its always higher because of the registration process for the car, following year when the customer pays for it, its £180".

In upholding the complaint, they directed MBFS to:

- End the agreement with nothing further to pay,
- Collect the car with nothing to pay by Miss S,
- Refund the deposit of £12,429.99,
- Refund the VED that Miss S paid (less any refund from DVLA),
- Pay 8% simply yearly interests on all refunds from the date of payment to the date of settlement,
- Remove any negative information on Miss S's credit file relating to this agreement,
- Pay £200 compensation for the distress and inconvenience caused

MBFS did not agree with the investigator's decision. They felt it was a disproportionate decision to unwind the agreement. They pointed to various documents that Miss S had signed. They also pointed out that the actual deposit paid by Miss S was £5,310.30. They

offered to pay the difference in VED and £200 compensation, although they were clear that this was not an admission of misrepresentation.

This offer was passed on to Miss S but she rejected it. As it was rejected the case was put into a queue to be allocated to an Ombudsman.

On 8 July 2025 the investigator issued an updated view and this time they did not uphold Miss S's complaint. In particular they referenced a confirmation of registration document signed by Miss S that stated "Please note, due to the list prices of this vehicle an additional rate of vehicle tax will be payable for a 5 year period".

Miss S did not agree with this reissued decision.

As Miss S did not agree it has been passed to me to consider.

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 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.

Miss S was supplied with a vehicle under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. The CRA states that where goods are sold by description there is a clause included in the contract that the goods must match the description. So, the description applied to the car is not just important in terms of deciding whether it is of satisfactory quality but also if it has been misdescribed.

The Misrepresentation Act 1967 also has relevance here. A misrepresentation can be a statement of fact (for example, misstating the technical capacities of a product or of law (such as misleading someone about the legal effect of a document)). In either case, if the statement provides misleading information which influences someone to enter into a contract they would not otherwise have agreed to, as a result of which they suffer loss, this will be classed as a misrepresentation. There are three types of misrepresentation negligent, fraudulent and innocent.

If I thought that the vehicle had been misdescribed or a misrepresentation has been made then it would also be fair and reasonable to ask MBFS to put this right.

In looking at any potential misdescription actionable under the CRA the order form and agreement themselves are a useful starting point. The car supplied is clearly identified within both, namely an a Mercedes-Benz PC A Class A-Class 200 AMG Line Prem + 5dr Auto MY24 2023, and as this has been supplied I do not feel that there is sufficient to convince me that, on the balance of probabilities, the car has been misdescribed for the purposes of the CRA.

I feel that considering whether a misrepresentation has been made is more pertinent to this particular case. Miss S would need to prove the following for me to decide a misrepresentation had been made out:

- A false statement was made,
- It induced Miss S to enter into the contract,
- Miss S suffered a loss as a result of the statement.

The later point is much easier for me to come to a decision on. Miss S clearly has suffered a loss in the fact that the actual cost of the Vehicle Excise Duty (VED) is higher at £590 compared to the indicated £180. So, I find that this leg is proven.

Miss S has stated that had she been properly informed of this extra cost (VED) she would not have entered the agreement to buy a A200. I have no reason to doubt this statement, so for Miss S this was clearly an inducement for her to enter into a contract.

I now need to consider whether a false statement has been made. To do this I need to take a view of the impact of the collective statements at the point that Miss S entered into the contract.

I have seen a screen shot from Miss S dated 11 November 2023 and it stated “For 1st year its always higher because of the registration process for the car, following year when the customer pays for it, its £180”. So, on the face of it this is a clear misstatement of fact – albeit a potentially innocent one. The order form itself (number 123000076826) was dated 11 November 2023 and signed by Miss S the next day. So Miss S placed the order with the clear expectation that the car would be subject to a level of VED of £180.

There is a difference between ordering a car and entering a binding contract with MBFS. For this I need to look at the agreement itself. I understand that this was signed by Miss S on the 29 November 2029. It is clear from the terms of this agreement that Miss S only enters into a binding agreement on signing of the contract and in any event would have a 14-day cooling off period.

Given that the contract itself was not made until Miss S signed the agreement, I need to consider any intervening communications between Miss S and MBFS to see if it is reasonable that her understanding of the VED that would be payable was £180 not a higher amount. The evidence provided for this by MBFS that led to the change of view by the investigator was a registration document signed by Miss S that contained the statement: “Please note, due to the list prices of this vehicle an additional rate of vehicle tax will be payable for a 5-year period”.

In signing any document, especially one for a product as expensive as a car, it is reasonable to expect that the consumer has read the terms and conditions before signature. So I need to take this document, alongside the original WhatsApp message, to decide what was a reasonable expectation of the VED that would be payable on the car.

I need to make this decision on the balance of probabilities and take the statements as a whole. The WhatsApp message is a clear and unequivocal statement that the VED will be £180. However, the formal documentation does contain a qualifying statement that there will be an additional VED rate payable due to the list price of the car. I have seen signed copy of this date 15 November 2023. Given that Miss S has stated that the level of VED was an inducement to buy the car I think that by signing this document she is acknowledging that

there is a higher VED to be paid and that if it was important to her in agreeing the contract there was sufficient doubt to at least clarify what this meant. So, at the time that the contract was entered into I believe that there was sufficient additional information provided to Miss S that did counterbalance the WhatsApp message. According to the terms of the agreement Miss S it only became binding on signing the agreement, so she had that information before entering into a binding agreement. For that reason I do not uphold this complaint.

My final decision

I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 27 October 2025.

Leon Livermore
Ombudsman