

The complaint

Mr G complains that a car he acquired with finance from Mercedes-Benz Financial Services UK Limited ('MBFS') wasn't of satisfactory quality.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimal formality.

Mr G entered into a personal contract plan with MBFS in March 2025. The car was acquired new with a cash price of £80,440. Soon after acquiring the car Mr G experienced problems with the vehicle. He complained to MBFS, and it upheld his complaint.

It issued its final response letter in April 2025; in summary it confirmed the vehicle was of unsatisfactory quality and so it supported rejection. To put things right, amongst other things it offered to end the agreement and pay compensation for the distress and inconvenience caused. It offered a 20% refund of Mr G's monthly repayments to reflect fair use.

Mr G referred his complaint to this service. Our Investigator looked into things and didn't recommend MBFS needed to do more to put things right. In short, he said it was fair to refund only 20% of monthly repayments to reflect impaired use and also took into account that Mr G had been provided alternative transport when the car was in for repair. Mr G remained unhappy and maintained that a 20% refund was unfair.

As an agreement couldn't be reached the complaint 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 our Investigator and for broadly the same reasons. I know this will come as a disappointment to Mr G, but I will explain my reasons below.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes informally.

MBFS has already accepted a rejection of the car, so I won't be making a finding on whether the car was of satisfactory quality. Instead, I'll focus on whether MBFS has done enough to put things right for Mr G.

When a car is rejected, it's generally the case that the deposit and all or some of the monthly payments are refunded, depending on whether the consumer has been able to use the car. If the consumer has been able to use the car, then a deduction for usage is normally made. If a courtesy car is provided, this is also taken into account when looking at whether a refund of monthly payments should be made.

By way of resolution to the complaint, MBFS offered to:

- End the agreement with no negative impact on Mr G's credit file.
- Offered interest on both the deposit and the monthly installments.
- Refund 20% of 10 weeks of Mr G's monthly repayments.
- £250 in recognition of the distress and inconvenience caused.

It went on to confirm that a refund of both the cash deposit and the dealer's contribution would be refunded.

I understand Mr G doesn't agree with the amount retained by MBFS to reflect fair use but I'm afraid I don't agree. I'm not going to propose he's given a full refund of his repayments. The CRA says a deduction can be made from the refund to take account of the use the consumer has had of the goods in the period since they were delivered. It doesn't set out how to calculate fair usage and there's no exact formula for me to use. Mr G had some use of the vehicle and it's only fair he pays for that use; he was also kept mobile during the time his vehicle was in for repair. Overall, I think MBFS can retain part of the monthly repayments in recognition of the use Mr G has had.

I therefore don't uphold Mr G's complaint about whether MBFS are fair in refunding only 20% of his monthly repayments. But as I said above, it has been accepted that he was supplied with a car that was of unsatisfactory quality. So, whilst I've not made a finding on this, MBFS has set out how it intends to put things right in its final response letter. If it hasn't already done so, it should arrange to pay Mr G the amounts it offered, and I consider the offer to be fair and reasonable in the circumstances of the complaint.

My final decision

For the reasons I've explained above, I'm not upholding Mr G's complaint about the partial refund of monthly repayments. And if Mercedes-Benz Financial Services UK Limited hasn't already done so, it should pay Mr G what it offered in the final response letter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 January 2026.

Rajvinder Pnaiser
Ombudsman