

The complaint

Mrs B complains that a car that was supplied to her under a hire purchase agreement with Mercedes-Benz Financial Services UK Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Mrs B under a hire purchase agreement with Mercedes-Benz Finance that she electronically signed in November 2022. The price of the car was £19,998.01, Mrs B paid a deposit of £3,500 and she agreed to make 48 monthly payments of £299.67 to Mercedes-Benz Finance. There was also an optional purchase payment of £8,400.

Mrs B took the car to a manufacturer's dealer in April 2025 because paint was peeling from numerous body panels. A repair to the paint on the tailgate was approved under warranty but it said that the paint on the other areas wasn't a manufacturing concern so the cost of the repair would be for Mrs B. Mrs B complained to Mercedes-Benz Finance and said that she wanted to reject the car. It said that the complaint was raised more than twelve months after the car was supplied to her and, for it to consider rejection, there would have to be a clear indication that any issues that the car currently faced were present at purchase, but the car had been driven for more than 40,000 miles since it was supplied to Mrs B which suggested that she'd been able to use the car extensively despite the paint issues.

Mrs B wasn't satisfied with its response so complained to this service. She says that she traded-in the car, which was given a value of £9,500, and the hire purchase agreement was settled. Mrs B's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He didn't think that Mercedes-Benz Finance had supplied Mrs B with a car that was of unsatisfactory quality so he didn't think that it would be fair and reasonable to ask it to pay the difference in the car's price due to its condition.

Mrs B didn't accept the investigator's recommendation and has asked for her complaint to be escalated to an ombudsman for a decision. She says, in summary, that: the peeling and bubbling paint issue affecting this colour on this manufacturer's cars is a recognised manufacturing defect and the paint is peeling across multiple areas of the car, which has been confirmed by a body-shop and can't reasonably be considered normal ageing or use; the manufacturer approved a warranty repair on the tailgate and it's inconsistent and unfair to repair one area under warranty while denying responsibility for identical paint deterioration elsewhere on the same car; and: when she traded-in the car she was originally offered £9,000, which was increased to £9,500 after she showed the dealer a valuation, but it didn't offer any additional amount to compensate for the paint defect or to make up for the poor condition of the car.

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.

Mercedes-Benz Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mrs B. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mrs B was first registered in May 2018 so was more than four years old, it had been driven for 4,060 miles and the price of the car was £19,998.01. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

The car was supplied to Mrs B in November 2022 and I've seen no evidence to show that she complained about issues with the car's paintwork until April 2025, nearly two and a half years later. At that time the car was nearly seven years old and, in the time that Mrs B had had the car, it had been driven for more than 40,000 miles.

Mrs B says that the issue is a recognised manufacturing defect and she's referred to a court approved settlement in the US, county court claims in this country and forums which she says document extensive evidence of the same defect. A repair of the paint on the car's tailgate was approved under warranty but the manufacturer's dealer said that the other areas were deemed non-manufacturing concerns so the cost of the repairs would be for Mrs B.

The body shop that was repairing the tailgate sent an e-mail to the manufacturer's dealer in June 2025 which said: *"Customer has advised that we need to paint all the door handles as the lacquer is flaking off – I advised plastics are not covered by [the] Warranty so would not be able to sort, requested that I seek authority from yourselves anyway. Customer has also advised that the rest of the vehicle also has the paint blistering issue and doesn't understand why we are not painting the full vehicle - Please can you advise on this as I have seen the issue on the rest of the vehicle"*.

I'm not persuaded that there's enough evidence to show that the car wasn't of satisfactory quality when it was supplied to Mrs B in November 2022. I don't consider that she'd have been able to drive it for more than 40,000 miles in nearly two and a half years if it hadn't been of satisfactory quality at that time. The paint on the car's tailgate has been repaired but I'm not persuaded that the issues about which Mrs B has complained to Mercedes-Benz Finance would have justified a rejection of the car.

Mrs B says that she traded-in the car in and the car was given a value of £9,500. Even if I was to find that Mercedes-Benz Finance should repair the rest of the paintwork issues about which Mrs B has complained (and I make no such finding), it wouldn't be possible for it to do that as Mrs B no longer has the car. Mrs B says that she was originally offered a trade-in value of £9,000 for the car, which was increased to £9,500 after she showed the dealer a valuation, but it didn't offer any additional amount to compensate for the paint defect or to make up for the poor condition of the car. I've seen no evidence to show that the trade-in value of the car was lower than the trade-in value of a similar car without any paintwork issues or to quantify the loss that Mrs B says that she's incurred.

It's clear that Mrs B strongly believes that she should receive some compensation from Mercedes-Benz Finance, so I appreciate that my decision will be disappointing for her. I've carefully considered all that Mrs B has said and provided about her complaint, but I'm not persuaded that there's enough evidence to show that Mercedes-Benz Finance has acted incorrectly in connection with it. I find that it wouldn't be fair or reasonable in these circumstances for me to require Mercedes-Benz Finance to pay any compensation to Mrs B or to take any other action in response to her complaint.

My final decision

My decision is that I don't uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 13 November 2025.

Jarrold Hastings
Ombudsman