

The complaint

Mr U complains about the quality of a new car he acquired through a Personal Contract Plan ('PCP') with Mercedes-Benz Financial Services UK Limited ('MBFS'). Mr U says that the battery has a fire risk, and this means the car isn't of satisfactory quality.

What happened

Mr U's complaint is about the quality of a car he acquired using a PCP agreement that was started in September 2023. The vehicle had a retail price of £52,635. Mr U paid a £1,999.40 deposit meaning £50,635.60 was financed.

This agreement was to be repaid through 48 monthly instalments of £537.20 followed by an optional purchase payment of £24,850. If Mr U made repayments in line with the credit agreement, he will need to repay a total of £52,635 as the agreement has no interest.

Mr U has complained about the quality of the car. Below is a summary of the issues complained about by Mr U, and the investigation and any repair work that has been carried out.

In November 2023, Mr U says that there was an issue with the battery discharging too quickly and the car was losing power, even when the accelerator was pressed. This was repaired at the time and Mr U has said some parts were changed. I've not seen a job sheet or invoice for this, but the repair doesn't form part of this complaint. And I've not seen anything from the time that shows the entire battery was replaced.

In July 2024 the car was subject to recall notice because the power steering software needed to be updated. This was completed around this time. Again, this issue doesn't form part of this complaint.

In March 2025, MBFS sent Mr U a letter about a potential issue with the battery when it was fully charged. The letter said the battery could short circuit and that '*a risk of fire cannot be ruled out ...*'. It went on to say that Mr U should not charge the car beyond 80% and a software update will be needed.

Mr U received a second letter about the battery in April 2025, which reiterated that it could short circuit when it was in a high state of charge and that a battery fire could not be ruled out. It said the software to resolve this was available and Mr U should not charge the battery above 80% until it was installed.

In May 2025 the relevant update to the battery software was completed.

Mr U has also complained that the doors and boot have opened randomly at times. And he's said the range of the vehicle is not what he expected. He says up to October 2023 the maximum range was 342 miles, but this was down to 317 miles in January 2025. He thinks this is a significant reduction.

Mr U complained to MBFS saying that due to the risk of fire, and the reduction in the range of the car, it wasn't of satisfactory quality. MBFS considered this complaint, and it didn't uphold it. It said that it didn't think the car was of unsatisfactory quality due to the safety recalls and the different range estimates. Mr U didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr U's complaint about the quality of the car. He wasn't persuaded that the car was of unsatisfactory quality. But he thought that Mr U should receive £100 in respect of the distress and inconvenience the work on the car, and the communications from MBFS, have caused him.

Mr U didn't agree with the Investigator. He said that he had been informed, in March and April 2025, that the car had a risk of fire due to quality issues with the battery. And this risk, however remote, wasn't acceptable to him. He thinks this makes the car not safe and MBFS has been negligent in supplying a car with this problem. Mr U thinks the compensation wasn't adequate for a car he hasn't been able to use since he received the safety recall notices.

There was some further correspondence, but no new issues were raised. Because Mr U didn't agree, this matter has been passed to me to make 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated PCP – so we can consider a complaint relating to it. MBFS as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would need to meet the standard that a reasonable person would consider satisfactory – considering any description of the goods, the price and all the other relevant circumstances. So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the car's history.

The quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of this.

Here, the car was acquired new. So, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a second-hand, more road-worn car and that it could be used – free from defects – for a considerable period.

The crux of the issues Mr U has complained about involve a potential problem with the battery that the car was recalled for in 2025. Given what I've seen about this, I don't think it's reasonable to say that the car was faulty. I'll explain why.

The manufacturer identified that the car could have a problem when it was in a high state of charge. It has said the battery could short circuit and it couldn't rule out the possibility of a fire. Preventative measures needed to be taken, such as not charging the car above 80% and implementing new software.

But this recall itself doesn't mean the car was faulty. Rather it means the manufacturer has identified the potential for faults in cars of this type at some point in the future. I've not seen anything to show that Mr U's car had any faults with the battery. And even if it did, then the associated risks would seem to have been much reduced or eliminated by not charging the car above 80% of its capacity. And the software has been updated to prevent this from happening in the future. It seems reasonable to say the measures that were taken by MBFS were precautionary, rather than anything else. And the problem is now resolved.

I appreciate that Mr U perceives the risk of a fire as being significant, and I'm sure the letters and information he received alarmed him. But it is relatively common for car manufacturers to identify and rectify potential manufacturing issues. With all batteries there is a risk of fire, and all cars have a risk of developing serious problems which can be dangerous. Driving and using any car is not a risk free activity, but the recall system lowers the risk of manufacturing issues causing problems going forward. I'm not persuaded that it's been shown that the risks of driving this particular car were high enough to say that it wasn't of satisfactory quality.

Mr U has said that the car doors and boot may open randomly at times. But, whilst I accept what he has said, I can't see that this has been brought to the attention of any garage, or any kind of repair has been attempted. I've not seen any indication that this is an ongoing problem that would make the car not of satisfactory quality.

Our Investigator said that the battery was replaced in 2023, but this seems to have been based on what Mr U said. Mr U has confirmed he wasn't aware the battery was replaced, so I don't think that it was.

Mr U has also complained that the range of the car is falling over time. As our Investigator said the range is still within what is expected for his car. Added to this, the expected range of the car is a complicated calculation that can be influenced by many factors over time, such as the weather and driving style. But it is an estimate, and what it shows isn't entirely accurate about what miles the car can be driven for in any event. And of course, the battery will degrade, alongside all the other parts of the car, and this may lead to a lower range over time. I've not seen anything that persuades me this car isn't working as expected in relation to the range of it.

Overall, it follows that, having looked at everything, I don't think there is enough for me to say that the car was not of satisfactory quality when it was supplied to Mr U.

Mr U has been inconvenienced by having to take the car back and forth to the garage a number of times. And it seems like the letters he received caused him some distress. So, I think the £100 suggested by our investigator for the distress and inconvenience he experienced is fair. MBFS has not said that it disagrees with this.

Mr U has raised some issues about his credit file being incorrect. As our Investigator said this needs to have been considered as a complaint before the Financial Ombudsman can consider it. Mr U needs to complete the complaint process about this issue before the complaint is looked at here.

Putting things right

MBFS should pay Mr U £100 due to the distress and inconvenience he has experienced.

My final decision

For the reasons I've explained, I partly uphold Mr U's complaint. I think Mr U should receive compensation for some distress and inconvenience he has suffered but I don't think the car was of unsatisfactory quality.

Mercedes-Benz Financial Services UK Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 11 December 2025.

Andy Burlinson
Ombudsman