

The complaint

Miss M is unhappy that a car supplied to her under a Personal Contract Plan (a type of hire purchase agreement) with Mercedes-Benz Financial Services UK Limited ('MBFS') was mis-sold.

What happened

The background of this complaint is well known to both parties, so I don't intend to go into detail about it here, instead I'll summarise the circumstances.

In September 2024 Miss M was supplied with a new car through a hire purchase agreement with MBFS. She paid a £5,250 deposit and the agreement was for 48 months with monthly repayments of £356.94 and a final optional payment of £17,100. The agreement had a mileage limit of 10,000 miles a year.

Within a few days Miss M changed her mind. She asked MBFS to allow her to withdraw from the deal and return the car, she said that was her right under The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 ('CCR') as it was a distance sale. MBFS didn't agree, it sent its final response letter in November 2024 and didn't uphold the complaint. In short it referred to the terms and conditions of the agreement and set out the steps Miss M would've gone through when entering into the agreement. Miss M brought the matter to the Financial Ombudsman Service for investigation.

Our Investigator looked into the complaint and didn't uphold it. Both parties have had sight of this outcome, so I won't be recounting it in detail. But to summarise, the Investigator didn't think the agreement had been mis-sold.

Miss M maintained that she wanted to return the car within the 14-day cooling off period and she wasn't allowed to exercise this right. She also said the vehicle had been mis-sold to her because the supplying dealer reduced the mileage allowance in order for her to afford the monthly instalments so it wasn't suitable.

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 Miss M, 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.

I appreciate Miss M says under the CCR 2013 this should be classed as a distance sale and so the 14-day cooling off period should apply. Miss M acquired her car under a hire

purchase agreement which is a regulated credit agreement and as a result our Service can consider complaints about it.

Section 6 of the CCR 2013 explains:

'(1) These Regulations do not apply to a contract, to the extent that it is –

(b) for the services of a banking, credit, insurance, personal pension, investment or payment nature;'

And as this hire purchase agreement was a credit agreement the CCR's don't apply to it. Instead, hire purchase agreements are primarily governed by the Consumer Credit Act 1974 (CCA). Those Regulations allow consumers to withdraw from the agreement within 14 days. In those circumstances the money paid to finance the car must be repaid but they don't give the consumer the right to return the car.

I understand Miss M wanted to return the car soon after she acquired it and I appreciate she may find it harsh she wasn't allowed to do so. Miss M did have the right under the standard cooling off period to cancel the finance agreement. If she had done so, she would have had to pay the full amount of credit back to MBFS. However, cancelling the agreement wouldn't have allowed her to return the car. Miss M signed a legally binding agreement, there was no onus on the dealership to take back the car unless it wasn't fit for purpose – i.e., faulty – and I have seen no evidence of this.

So, I can't say MBFS acted unfairly in not allowing the agreement to be unwound and the car to be returned.

Section 56 of the CCA 1974 states that any negotiations conducted by the credit broker or supplier of goods are deemed to be conducted in the capacity of an agent of the creditor and that this includes all communications and representations made. This means that, in this case, any discussions, communication, or representations made by the supplying dealership in respect of the mileage allowance were done so as an agent of MBFS, for which MBFS remain liable.

Part of this complaint is also about misrepresentation. For misrepresentation to be present there must (a) have been a false statement of fact, and (b) that false statement of fact must have induced, in this instance, Miss M to have financed this car with MBFS. An agreement like the one Miss M entered into typically includes an excess mileage charge if the car isn't purchased at the end of the agreement.

While I've not seen any evidence of the discussions that took place between Miss M and the dealership when she selected the car she wanted to finance, I see no reason to doubt that various options were discussed, and the pros and cons of each option was considered.

Miss M has said she wasn't made aware of the excess mileage charges on her agreement but having reviewed a copy of the agreement I think it makes it very clear that there is a charge if Miss M were to exceed the total permitted mileage. I've also listened to a call between Miss M and MBFS shortly after the agreement began and Miss M explains her circumstances have recently changed which would mean she would now complete closer to 16,000 miles per year, so this agreement was no longer suitable. On balance I'm not persuaded that a false statement of fact was made which would've induced Miss M into entering the agreement, and I don't think the agreement was mis-sold.

In conclusion, I'm satisfied that MBFS have acted reasonably in all the circumstances, and I won't be directing them to take any further action.

My final decision

For the reasons explained, I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 30 December 2025.

Rajvinder Phaiser
Ombudsman