

The complaint

Ms W complains about the quality of a used car she acquired through a personal contract plan ('PCP') with Mercedes-Benz Financial Services UK Limited ('Mercedes'). Ms W says that the car isn't of satisfactory quality and the compensation offered by Mercedes for this isn't adequate as it doesn't reflect the seriousness of the faults with the vehicle.

What happened

Ms W's complaint is about the quality of a car she acquired in January 2025. The car was used, and it was first registered in July 2021. So, it was about three and a half years old when Ms W received it. It had covered 24,130 miles.

Ms W acquired the car using a PCP agreement that was started in January 2025. The vehicle had a retail price of £19,945. Ms W paid a £3,500 deposit meaning £16,445 was financed. This agreement was to be repaid through 48 monthly instalments of £301.10 and then a final option to purchase payment of £6,500. If Ms W made repayments in line with the credit agreement, she would need to repay a total of £24,462.80.

Ms W has complained about the quality of the car. Below is a summary of the issues complained of by Ms W and the investigation and repair work that has been carried out by the dealerships, alongside what has happened in respect of the complaint. Ms W's car has been repaired several times as follows:

In March 2025 the front parking sensor was repaired. Ms W says there was some condensation in the headlights, but Mercedes said this was found to be caused by environmental factors. These repairs took two days, and no courtesy car was provided to her.

In April 2025 Ms W was having problems charging the car. The dealership found that the charge cable lock was jammed, and it went on to replace the high voltage wiring harness including the charge cable lock. These repairs took four days, and a courtesy car was provided.

Again in April 2025 the car displayed some warning lights. The dealership was unable to find a fault with the car, but Ms W says some software was updated. The car was charged at this time.

In early May 2025 Ms W says she experienced a loss of power with the car and it has broken down twice. The dealership has said that it found faults with the central locking, the fuel flap (I'm assuming it means the charging port cover), and the coolant reservoir cap. Ms W says the tailgate is also misaligned. The tyres were nearing the end of their life.

The dealership said the repairs were completed to the above issues on 19 May 2025. Ms W was provided with a courtesy car while the car was being repaired. I understand she collected the car, but she has not driven it since as she says she has lost faith in it and considers it to be unsafe.

Ms W complained to Mercedes about the quality of the car. In June 2016 Mercedes upheld the complaint on the basis that it wasn't of satisfactory quality, and more than one repair had been needed to correct the faults that the car had. In its final response it offered to:

- End the finance agreement with no negative impact on her credit file.
- Return Ms W's deposit of £3,500.
- Pay a 100% pro-rata refund of the monthly instalments for the two days Ms W's vehicle was offroad and she had no courtesy vehicle.
- Pay a 15% pro-rata refund for the eight days when the car was being repaired and she had a courtesy vehicle. These two refunds were calculated to be £32 in total.
- Pay 8% interest on her deposit and monthly instalment refunds. This was calculated to be £109.53.
- Pay £80 towards number plate retention costs.
- Pay £200 for the distress and inconvenience that has been caused.

Ms W didn't agree with this as she thought the compensation was too low. She brought her complaint to the Financial Ombudsman Service.

Our Investigator agreed that the car wasn't of satisfactory quality, but she thought the offer made by Mercedes was reasonable. Ms W didn't agree with the Investigator. And I've seen the response she provided on the 24 November 2025. In which Ms W says, in summary:

- The car has broken down due to a loss of power and the root cause of this has not been identified or remedied. This unresolved problem makes it unsafe to drive. This fault wasn't due to wear and tear.
- Her decision not to drive the car after May 2025 was reasonable and she should receive compensation of all the amounts she has paid to the finance since then.
- As compensation, she would like Mercedes to end the contract and return the deposit. Return all the finance payments she has made since May 2025, pay her insurance costs for the same period cover all of her out of pocket expenses.

Because Ms W 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. Mercedes 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'.

Mercedes in its final response has said that the car wasn't of satisfactory quality, and it has agreed to Ms W being able to reject the car due to the number of repairs it needed. I agree that the car wasn't of satisfactory quality. As this is no longer in dispute, I don't need to

consider this further. The ongoing dispute here is about the compensation that Ms W should be paid, which I've considered below.

Mercedes has agreed that Ms W should be able to reject the car, and this is part of the compensation she has asked for. I agree this is reasonable given the problems she has had with it. This part of the compensation is not in dispute and so, again, I don't need to comment further on this.

And I also think the proportionate refunds for the time that Ms W was without a car, and when she had a courtesy car, are also reasonable. Ms W has not directly said that this part of the compensation is not fair and so I also won't comment further about this.

The crux of the remaining dispute is that Ms W thinks that the car is now unsafe and she was acting reasonably when she didn't drive it after the last repair in May 2025. And I've noted that she has incurred costs due to this such as maintaining the finance repayments and insurance for the car. And she's incurred alternative transport costs and so on.

But even considering how the car broke down, I don't think I have enough to say that the car is unsafe and couldn't have been driven after the last repair. I appreciate that Ms W feels that any problems the car may have are undiagnosed and unrepaired, but the information from Mercedes and the dealership is that the car was repaired and ready to drive. And I've not seen any further evidence, either from the dealership or any other garage, or similar, that shows the car is now unsafe or has any current problems.

Given this, I don't think it would be reasonable for me to say that compensation should be based on the car still having problems after May 2025, I don't think the evidence I have supports this. This means that I don't think compensation should be based on the costs Ms W has incurred due to not driving the car past May 2025.

I can see that Ms W has had some distress and inconvenience due to the problems with the car, I think this should be assessed up to the point where the car was repaired in May 2025. And I think given everything that the £200 Mercedes has offered is reasonable for this.

Overall, I think Mercedes has considered this complaint and made a fair offer to resolve it. The final response was issued in June 2025 and contained the offer to allow Ms W to reject the car and unwind the agreement and so on. Whilst I'm not disregarding what Ms W has said about this offer, I do think that it was generally reasonable and would have largely resolved this situation had Ms W accepted it. And so, it wouldn't be fair of me to award further compensation.

I appreciate that Ms W feels very strongly about this, and I hope my decision doesn't cause her undue distress. But overall, I think the offer Mercedes has made is fair and she should now accept it.

My final decision

For the reasons set out above, I don't uphold Ms W's complaint.

Mercedes-Benz Financial Services UK Limited has already made an offer to resolve this complaint as I've detailed above. I think this offer is fair in all the circumstances and it should not put the measure in it in place.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 16 January 2026.

Andy Burlinson
Ombudsman