

## **The complaint**

Mr O is unhappy that a car supplied to him under a hire purchase agreement with Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Financial Services ('MBFS') was of an unsatisfactory quality.

## **What happened**

In June 2023, Mr O was supplied with a used car through a hire purchase agreement with MBFS. He paid an advance payment of £10,000 and the agreement was for £13,890 over 49 months; with monthly payments of £361.22. At the time of supply, the car was around six and a half years old and had done 51,898 miles (according to the agreement).

On 17 January 2025, whilst driving through Poland, the car broke down and was recovered to a local garage. At the time of the breakdown, the car had done around 65,000 miles. After inspecting the car, the garage said the oil pump had failed, which had caused catastrophic engine failure, with a replacement engine required.

Mr O complained to MBFS, but they didn't uphold his complaint. They said the engine had failed due to normal in-service wear and tear, and that the car was of a satisfactory quality when it was supplied. Unhappy with this response, Mr O brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator didn't initially uphold the complaint, as there was nothing to show the issues that caused the engine to fail were present or developing when the car was supplied. Mr A didn't agree with this opinion, providing extensive comments as to why – he didn't think it was reasonable for the engine to fail after 65,000 miles. He also provided additional evidence to support his comments.

After reviewing the comments and evidence, the investigator revised their opinion. They said they thought the oil pump had failed prematurely, and this caused the engine to fail. So, they thought Mr O should be allowed to reject the car, with a refund of his deposit, and a refund of all payments made since January 2025. They also thought that MBFS should be responsible for any storage fees, and for the costs Mr O incurred as a direct result of the breakdown (diagnostic, hotel and flight costs). Finally, they said MBFS should pay Mr O an additional £450 for the distress and inconvenience caused.

MBFS didn't agree with the investigator's revised view, and they asked that this matter be passed to an ombudsman 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 the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete

or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr O was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, MBFS are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless MBFS can show otherwise. So, if I thought the car was faulty when Mr O took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask MBFS to put this right.

Based on the evidence I've seen, I'm satisfied that the cause of the breakdown was a failure of the oil pump. An oil pump on the make and model of car supplied to Mr O can reasonably be expected to last more than 100,000 miles. However, regular oil changes are required to keep the oil pump working as it should, and it's not uncommon for issues to occur after 60,000 miles if the oil change intervals haven't been adhered to.

According to the manufacturer guidelines, the car should be serviced, with the oil changed, around every 10,000 miles or every year. The car was first registered on 9 December 2016, and the service history shows the following:

- service on 24 November 2017 at 16,123 miles
- service on 16 November 2018 at 29,169 miles
- service on 4 December 2019 at 36,130 miles
- service on 25 November 2020 at 40,187 miles
- service on 15 December 2021 at 44,934 miles
- service on 20 February 2023 at 51,497 miles

So, at the point the car was supplied to Mr O, it had been serviced generally in line with the 1-year/10,000 mile manufacturer guidelines. Mr O then had the car serviced on 14 March 2024 when it had done 57,284 miles. Again I'm satisfied Mr O had the car serviced generally in line with the manufacturer's guidelines. When the oil pump failed in January 2025, the next service wasn't due as it was less than a year since the previous service AND the car had travelled less than 10,000 miles since the last service.

Given this, I'm satisfied that the oil pump didn't fail due to lack of required maintenance, and it was therefore insufficiently durable. This made the car of an unsatisfactory quality at the point of supply, and MBFS need to do something to put things right.

## Putting things right

Section 24(5) of the CRA gives MBFS what is known as the single chance of repair – they have the right to attempt to repair the car before Mr O is allowed to reject it. However, section 23(2) of the CRA states that *“if the consumer requires the trader to repair or replace the goods, the trader must (a) do so within a reasonable time and without significant inconvenience to the consumer.”* However, in this instance, given the time that has passed since the car broke down, it’s arguable that MBFS have failed to comply with Section 23(2)(a) of the CRA. And, in these circumstances, Mr O should be able to reject the car, with a refund of the deposit he paid.

Mr O was able to use the car from the point of supply until it broke down on 17 January 2025, and I think it’s only fair that he pays for this usage. As such, MBFS should be allowed to keep all the payments made during this period. However, as the car hasn’t been able to be used since 17 January 2025, and as Mr O hasn’t been provided with a courtesy car, Mr O has been paying for goods he’s been unable to use. So, MBFS should refund all the payments made since the date of the breakdown.

In his comments, Mr O has referred to alternative transport costs when he didn’t have use of the car supplied by MBFS. As I’m directing a full refund of the payments as stated above, this amount is designed to cover any alternative transport costs Mr O has incurred, so I won’t be asking MBFS to refund any additional costs relating to Mr O’s alternative transport costs.

Mr O also incurred additional costs relating to the breakdown. These are the costs incurred in towing the car to the local garage, and the costs involved with diagnosing the fault with the car. He also incurred hotel and flight costs as he wasn’t able to drive the car back home to the UK, and he’s been incurring storage costs at the Polish garage. As these were all incurred as a direct result of the car not being of a satisfactory quality when it was supplied to Mr O, MBFS should also be responsible for these.

Finally, I think Mr O should be compensated for the distress and inconvenience he was caused by what happened. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service’s approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator recommended MBFS pay Mr O an additional £450, to recognise the distress and inconvenience caused. Having considered this recommendation, I think it’s a fair one that falls in line with our service’s approach and what I would’ve directed, had it not already been put forward. So, this is a payment I’m directing MBFS to make.

Therefore, if they haven’t already, MBFS should:

- end the agreement, ensuring Mr O is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Mr O (MBFS are responsible for any outstanding storage costs and should arrange for the personal items Mr O left in the car – including a roofbox and a pair of sunglasses – to be returned to him following collection);
- remove any adverse entries relating to this agreement from Mr O’s credit file;
- refund the deposit Mr O paid (if any part of this deposit is made up of funds paid through a dealer contribution, MBFS is entitled to retain that proportion of the deposit);
- refund the payments Mr O paid for the period from 17 January 2025 to the date the agreement is ended;

- upon receipt of proof of payment, reimburse Mr O for the additional costs he incurred related to the breakdown, as specified above;
- apply 8% simple yearly interest on the refunds/reimbursements, calculated from the date Mr O made the payments to the date of the refund<sup>†</sup>; and
- pay Mr O an additional £450 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (MBFS must pay this compensation within 28 days of the date on which we tell them Mr O accepts my final decision. If they pay later than this date, MBFS must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment<sup>†</sup>).

<sup>†</sup>If HM Revenue & Customs requires MBFS to take off tax from this interest, MBFS must give Mr O a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold Mr O's complaint about Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Financial Services. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 17 February 2026.

Andrew Burford  
**Ombudsman**