

The complaint

Mr B complains that a car acquired under a hire purchase agreement with Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance (“MBF”) wasn’t of satisfactory quality when it was supplied to him.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In September 2023, Mr B entered into an agreement to acquire a new car. The car was supplied by a manufacturer-approved dealership (S). Mr B paid a deposit of £2,000, and the purchase balance was provided by MBF under a hire purchase agreement. The agreement was for 49 months, with 48 monthly repayments of £889.23 and an optional final payment of £29,900 if Mr B wanted to keep the car at the end of the agreement.

Mr B has said that the car experienced a transmission malfunction in October 2023 and lost all power while he was driving it. However, he stopped and re-started the car and it seemed to rectify itself.

In December 2023, Mr B returned the car to S. He told them that, whenever the car was washed or got wet, the boot liner became soaked through. S repaired the fault and Mr B took the car back.

S have told our service the car was returned to them again in April and May 2024 for software updates, and a check on the battery was also completed at this time as Mr B had said he was experiencing problems with its charge. No fault was found during a diagnostic check.

However, Mr B had to return the car to S again in September 2024 due to a rattling noise being heard when he started the car. S identified it as a problem with the heat shield, and this was replaced.

Finally, Mr B got in touch with S again in January 2025 as he was still experiencing problems with the battery charge. S replaced the 12v battery at this time. But Mr B was unhappy with the problems he’d faced with the car, and he complained to MBF in February 2025. He told them he wanted to reject the car.

MBF responded and didn’t uphold Mr B’s complaint. They told him that the onus was on him to show the faults with the battery had been inherent from the point of supply. They said S had exercised their right to repair on the previous occasions.

Mr B brought his complaint to our service. While our investigator was looking into things for him, Mr B confirmed that he’d sold the car to a third-party and had settled the agreement, although he’d had to pay a shortfall of approximately £4,000 to do so. Our investigator upheld Mr B’s complaint in part. She said she felt the first two faults, with the boot liner and the heat shield, meant that the car was of unsatisfactory quality when it was supplied, but

she was satisfied repairs had been completed satisfactorily. She asked MBF to pay Mr B £100 for those issues, but she said she couldn't hold MBF responsible for the battery concerns and wouldn't be asking MBF to do anything more in that regard.

Mr B didn't agree. He said he felt the compensation should reflect the amount he'd had to borrow to cover the shortfall he'd had to pay to settle the agreement.

As Mr B didn't accept, 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information in this case. I'd like to reassure them both that I've read and considered everything that's been sent. But, I will be focussing my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

I think it's worth starting by explaining that I'm only looking at MBF's responsibility here as the finance provider for the car. Mr B has voiced a lot of concerns about S and how they dealt with his concerns with the car post-sale – but at that time S weren't acting as agents of MBF, and MBF can't be held responsible for anything S have said or done, or not done, post-sale.

As the hire purchase agreement entered by Mr B is a regulated consumer credit agreement this service is able to consider complaints relating to it. MBF are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) also covers agreements like the one Mr B entered. Because MBF supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

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

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr B's case, the car was new when he acquired it. So, a reasonable person would expect it to be free from any defects, even minor, for a significant period of time.

Our investigator has said that she thinks the car wasn't of satisfactory quality when it was supplied to Mr B. She considers the first two faults have occurred quite soon after supply, considering the car was new and the cost of it. I agree in this case. I'm satisfied the information provided confirms the car wasn't of satisfactory quality when it was supplied to Mr B. However, that only relates to the faults identified with the boot liner and the heat

shield. I'm not persuaded there's enough evidence to confirm the problems with the battery charge render the car of unsatisfactory quality. I'll explain why.

The CRA explains that where goods are found not to have conformed to the contract within the first six months, it is presumed the goods did not conform to the contract at the point of supply. Unless the supplier, MBF in this case, can prove otherwise. Mr B didn't bring any concerns with the car to MBF's attention until February 2025, 17 months after he'd been supplied with it. But, as he had returned the car to S, the supplying dealership, within three months for the leaking boot liner, I'm satisfied MBF's position hasn't been prejudiced in this case. Had Mr B got in touch with them at that time, I'm satisfied they would have referred him back to S for a remedy or repair.

The CRA allows for an opportunity to repair, and Mr B has allowed S to repair the car. Similarly, when he returned the car to them again in September 2024 – outside of the first six months – he accepted the repair. At no point have I seen that Mr B told S that he wanted to reject the car. And I'm satisfied that the repairs have worked, and in turn they've brought the car back into conformity with the contract. No subsequent faults related to these repairs have been reported by Mr B.

Mr B brought his concerns with the battery charge to MBF's attention in February 2025. It was only at this point that he said he wanted to reject the car. Considering the time the agreement had been in place, it was for Mr B to show the fault with the battery was an inherent fault – that is that it had been present or developing from the point of supply. I appreciate he has said in his complaint submission that he'd been experiencing problems with a 'temperamental' battery since acquiring the car, but there isn't any evidence of that. The only evidence I have is from S, who confirmed that a diagnostic test was carried out on the battery in April 2024 and no faults were reported.

In order for me to hold MBF responsible for the battery fault, I have to be satisfied the fault was there from the point of supply. As Mr B has now sold the car and settled the agreement, it isn't going to be possible for him to provide any evidence to confirm this. As such, this means that, based on the evidence I've been provided with, I can't conclude it was an inherent fault, and that MBF are responsible for it. So, it follows that I don't think Mr B should have been allowed to reject the car when he made his complaint to MBF. I'm not persuaded he had shown enough evidence to MBF at that time to confirm the fault had been present or developing at the point of supply, so MBF aren't responsible for any shortfall Mr B has had to pay following his decision to sell the car and settle the agreement early.

Our investigator has asked MBF to pay Mr B £100 compensation to reflect the upset he was caused by being supplied with a car of unsatisfactory quality, in relation to the faults with the boot liner and the heat shield. It's clearly been a troubling time for Mr B, and I'm sorry to hear that. But I can't hold MBF responsible for things they weren't aware of, and as MBF weren't aware of those faults when they occurred, I'm satisfied the compensation MBF have agreed to pay is reasonable in the circumstances.

I'd like to remind Mr B that he's able to reject this complaint if he thinks he can achieve a better outcome by alternative means, such as through the courts.

My final decision

For the reasons above, I uphold this complaint. Mercedes-Benz Financial Services UK Limited trading as Mercedes-Benz Finance must:

- Pay Mr B £100 compensation to reflect the upset caused by being supplied with a car of unsatisfactory quality.

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

Kevin Parmenter
Ombudsman