

The complaint

Mr I complains about the service he received from Mercedes-Benz Financial Services UK Limited ("MBFS") when it incorrectly applied late payment markers to his credit file. He says it caused him to fail a credit search.

What happened

Mr I entered into a hire purchase agreement with MBFS in March 2019. He says it incorrectly reported late payments on his credit file, and it didn't correct this mistake as quickly as it said it would. Mr I told us:

- In March 2022, with one year left on his hire purchase agreement, he approached a local dealership to discuss a part-exchange, and was advised he had a significant level of equity in his current car that could be used towards the purchase of a new one;
- he was unable to proceed with his plans because the dealership was told he'd failed a credit search;
- he was shocked – he'd been accepted for credit by MBFS in March 2019, and he'd not missed a payment since;
- MBFS wrote to him to explain it had wrongly reported that he'd missed some monthly payments, and this had affected his credit file;
- MBFS said it had corrected his credit file in November 2022, but that when he checked this in January 2023, no corrections or amendments had been made;
- after a number of communications with MBFS, it apologised for the mistake, and it confirmed that the corrections had now been made.

Mr I says the corrections to his credit file were not made in a timely manner, and while his credit file was wrongly impaired, he was unable to access credit generally and he couldn't acquire another car. He says he also missed out on the opportunity to use the equity in his car towards another vehicle – he simply returned it at the end of the agreement. And he had to borrow cars from friends and family until the time the corrections were made to his file.

MBFS upheld this complaint. It said it had experienced some teething problems with a new payment system, with the result that some of Mr I's payments in 2022 - March, April, May, and June - were incorrectly marked as late payments. It acknowledged it hadn't provided *"the seamless service we would have wished to..."* and it offered Mr I £200 in recognition of this.

MBFS said Mr I had asked it to reconsider the level of compensation. It said it had reviewed the offer again and increased the level of compensation to £500. MBFS told us that Mr I had accepted this increased offer and £500 was paid to him in April 2023.

Mr I didn't think this was fair and reasonable. He said although MBFS had given him £500, he thought it should do more, so he brought his complaint to this Service.

Our investigator looked at this complaint and said he thought £500 compensation was fair in the circumstances.

Mr I disagreed so the complaint comes 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 taken everything into consideration, I've reached the same conclusion as our investigator, and I'll explain why.

I can understand Mr I's worry and disappointment – he was told about some incorrect reporting on his credit file caused by MBFS, and it wasn't corrected as quickly as it should've been. And I empathise with him when he talks about the impact this error *may* have had on his ability to access credit generally.

But I also have to take into consideration that MBFS has apologised for its failings; it's corrected Mr I's credit file; and it's paid £500 in recognition of the poor service it provided – compensation that Mr I accepted in response to his initial complaint. And I've seen no evidence that Mr I was declined finance solely because of this mistake.

I've thought carefully about what Mr I told us concerning the equity he had in the car – he says when he first made enquiries with the dealership, he had in excess of £5,000 available due to the prevailing market conditions for used cars, and this sum was greater than the outstanding finance on the car.

Mr I says he missed out on the opportunity to use this equity because just one year later, at the end of the term of his agreement, he was forced to return the car. But I'm satisfied that with the knowledge that his car was worth more than the outstanding finance on it, Mr I could've made arrangements to sell the car privately rather than handing it back to MBFS at the end of the four-year term. That was a decision he chose to make, and I can't hold MBFS liable for it.

Taking all this into consideration, I'm satisfied that £500 compensation is fair and reasonable in the circumstances of this complaint, and I'm not going to ask Mercedes-Benz Financial Services UK Limited to do anything more.

I know Mr I will be disappointed with the outcome of his complaint, but I hope he understands why I've reached the conclusion that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 31 October 2023.

Andrew Macnamara
Ombudsman