

The complaint

Ms H complains Mercedes-Benz Financial Services UK Limited (MBFS) hasn't done enough to put things right after they accepted they supplied her with a car that wasn't of satisfactory quality.

What happened

The details of this case are well known to both parties so I won't repeat them. Instead I will focus on the reasons for my 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.

Ms H acquired a car under a regulated credit agreement. MBFS was the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply and the quality of the car.

MBFS has accepted there were a few faults with the car (including the entertainment system and the boot) meaning it wasn't of satisfactory quality at supply. As that's not in dispute, it isn't necessary for me to comment any further on this. What is left for me to decide is whether in light of the same, MBFS has done enough to put things right. Having reviewed the case, I find they have. I will explain why.

In cases where a faulty car has been supplied and rejection is allowed, I would expect the financial business to put a number of things right. This includes ending the agreement, collecting the car, refunding the deposit, reimbursing any reasonable costs incurred, removing adverse information from the credit file and paying compensation for the trouble and upset caused. In certain circumstances, we may say the financial business may need to refund all or a proportion of the monthly instalments however this will depend heavily on the circumstances of each individual case as it's due to the use of the car (fair usage).

In this case, I find MBFS has done many of the things that I would expect including paying the associated interest for the amounts they've refunded. This includes ending the agreement, collecting the car and updating Ms H's credit file. In total, they've said they've paid around £21,500 to Ms H, broken down as follows:

- Refund of the deposit of £8,500;
- Refund of the partial settlement payment of £10,000 ;
- Paid 8% simple interest per annum on the above two figures from the date of payment to the date of settlement (around £2,100);
- Paid £750 compensation for the trouble, upset and loss of enjoyment;
- Paid £150 compensation as offered in an earlier complaint about the quality of the car.

From my understanding one of the main reasons why Ms H doesn't believe the above is fair is because she won't be receiving her monthly instalments back (around £450 per month). She's said the car had faults from inception which impacted its use, enjoyment and safety. She believes she should get all her payments back especially as she had raised the faults shortly after acquiring the car but she wasn't initially allowed to reject it despite her requests.

I empathise with the situation Ms H found herself in. Based on the evidence I've seen including the extent of the calls, emails and trips to the dealership, it's clear the situation was causing her much frustration, worry and upset. It's unfortunate to see that it took quite some time for MBFS to determine the car was faulty and had been from supply, but it's likely this was because the faults were intermittent.

That said, I must take into consideration Ms H's use of the car. Although faults were present, it's clear she was still able to use it. From my understanding when the car was returned, it had covered in excess of 15,000 miles. I accept she had no other alternative but to use it as she needed the car to travel, especially to commute to work and daily use. However given the extent as to which the car was used, I find it's reasonable Ms H pays for that (fair usage). I must explain if I was to say MBFS should refund all the payments that would mean Ms H would've had use of this new car for free for a significant period of time (around two years). In my opinion, that wouldn't be fair and not in line with what our service would usually recommend in situations such as this. Therefore I won't be saying MBFS need to refund the monthly payments.

Ms H has also mentioned she wants to be compensated for the cost she incurred to get the wheels refurbished before returning the car as there were a number of scratches on them. I'm not satisfied these costs were incurred as a result of the faults but instead it was due to Ms H's use of the car during which the wheels were damaged. Therefore I won't be asking MBFS to refund this cost.

I've carefully thought about what Ms H has told our service about the impact of the situation. This includes multiple trips to the dealership, the worry of not knowing if the car would work or if it was safe to drive, the extent of her communications with MBFS and the dealership and the negative impact it had on her mental health. I'm sorry to hear the car didn't perform as expected and the impact it's had. I can see Ms H has received around a total of £900 compensation. I consider that to be significant amount paid by MBFS so I won't be asking them to pay anything further.

Other

I understand Ms H has also complained that MBFS has charged her for damages to the car. However that point wasn't raised when this complaint was made therefore it wasn't subject to MBFS' final response which is what my review is based on. So I won't comment on it. If Ms H wishes to pursue that particular aspect, this will need to be raised as a separate complaint with our service.

Summary

Taking everything into account and the fact MBFS determined the car wasn't of satisfactory quality at supply, I'm satisfied they've done enough to put things right as outlined above. Therefore I won't be saying MBFS need to do anything further to resolve this complaint.

I recognise Ms H's strength of feeling about the situation. I appreciate this decision will be a disappointment to her but I hope she accepts my reasons for doing so.

My final decision

For the reasons set out above, I've decided not to uphold Ms H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 14 February 2024.

Simona Reese
Ombudsman