

## **The complaint**

Mrs S complains that a car acquired with finance from Mercedes Benz Financial Services UK Limited wasn't of satisfactory quality.

## **What happened**

In December 2018 Mrs S was supplied with a car and entered into a contract purchase agreement with MBFS. Mrs S experienced issues with the navigation system. She reported this to the supplying dealer and several attempts at repair were made but the issues continued.

Mrs S complained to MBFS. It responded and said it would take the car back and settle the finance. It offered to return the deposit on a pro rata basis, as well as refund 10% of the monthly payments. As an alternative, if Mrs S wanted to keep the car, MBFS said it would refund 10% of the payments and pay £300 compensation.

Mrs S wasn't happy with the offer and complained to this service. She wants more than 10% of the payments returned and all of her deposit back. She also wants compensation for distress and inconvenience.

I issued a provisional decision. In it, I said I was satisfied that MBFS had accepted that the car wasn't of satisfactory quality, because it had agreed a rejection. I said that in these circumstances, MBFS should refund all of Mrs S's deposit. I said that because Mrs S had been able to use the car, I didn't think it was fair to ask MBFS to refund all of the monthly payments. Instead, I said MBFS should refund 5% of the payments to reflect the loss of enjoyment suffered by Mrs S as a result of having to drive the car with the fault. I said the compensation offered by MBFS (£300) was fair.

I invited both parties to let me have any further evidence or arguments they wanted to raise.

Mrs S replied and said she had been looking for a new car but that there were delays in being able to obtain one, which she said would cause her problems because she needed a car to take her children to school. She said she felt anxious about being left without a car.

She said that she would like to propose that MBFS deducted the value of her deposit, 5% of her payments and £300 compensation from the balance owed under the agreement and that she would then pay the outstanding balance and keep the car. Mrs S said that the outstanding balance was £18,257.

MBFS didn't reply to my provisional 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.

I've thought about the proposal put forward by Mrs S. But this hasn't been agreed by MBFS and it doesn't accord with the available remedies under the relevant legislation. MBFS has

agreed to accept a rejection of the car. Rejection means that the car is returned. If Mrs S wishes to retain the car – which she has proposed before – MBFS has said it would refund 10% of her monthly payments and pay £300 compensation. I think this is a fair offer if Mrs S wants to keep the car.

That said, I'm persuaded that the car isn't of satisfactory quality and that the appropriate remedy here is rejection.

### **Putting things right**

To put things right, MBFS must:

End the agreement with nothing further to pay

Arrange for the car to be collected at no cost to Mrs S

Refund the deposit/part exchange contribution

Refund 5% of the monthly payments made by Mrs S

Pay 8% simple interest on all amounts refunded from the date of payment to the date of settlement

Pay £300 for distress and inconvenience

### **My final decision**

My final decision is that I uphold the complaint. Mercedes Benz Financial Services UK Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 4 May 2022.

Emma Davy  
**Ombudsman**