



CONSUMER

Premium Price, Persistent Defects: Delhi Commission Holds Mercedes-Benz Liable

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Introduction

The Delhi State Consumer Disputes Redressal Commission has delivered in favour of a consumer M/s Samaran Media Consultants Pvt. Ltd. v. Mercedes-Benz India Pvt. Ltd. & Anr.[1], revolves around a brand-new Mercedes-Benz EQS 580 that allegedly had a series of persistent technical issues. The ruling not only highlights the vulnerability of consumers, even in the premium automobile segment, but also reinforces the principle that manufacturers are accountable for delivering products free from inherent defects.

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Background of the Case

On November 2, 2022, Samaran Media Consultants Pvt. Ltd., through its director Mr. Gurvinder Khurana, purchased a Mercedes-Benz EQS 580 Electric Car for ₹1,55,00,000 from the manufacturer, Mercedes Benz India Pvt. Ltd., and its authorized dealer, M/s Global Star Auto LLP.

Shortly after the purchase, the vehicle began to experience a series of persistent issues, including a defective battery pack, a malfunctioning air conditioner, a bulging rear tire, and numerous sensor failures. The car was sent to the workshop for repairs multiple times within the first year of ownership. A major repair took place on May 4, 2023, when the vehicle's lithium battery pack, a core component had to be replaced, just five months after the purchase.

Despite these repairs and repeated assurances from the opposite parties, the issues continued. The car has been in the possession of the opposite parties' workshop since October 5, 2023, as the companies were unable to rectify the problems. Faced with a seemingly unresolvable situation, the complainant filed a case with the Delhi State Consumer Disputes Redressal Commission to seek redressal.

Core Issues

- **Complainant's Status as a 'Consumer':** The primary issue was whether the complainant, a company that purchased the vehicle, qualified as a 'consumer' under the Consumer Protection Act. The commission had to determine if the car was for a commercial purpose or for the personal use of the director.
- **Territorial Jurisdiction:** The court had to decide if it had the legal authority to hear the case, as the purchase agreement had a clause specifying exclusive jurisdiction of courts in Pune.
- **Deficiency in Service and Manufacturing Defect:** The central issue was whether the repeated and unresolved issues with the vehicle constituted a 'deficiency in service' and were indicative of a 'manufacturing defect' on the part of Mercedes-Benz and its dealer.

Commission's Findings

The commission meticulously addressed and rejected the preliminary objections raised by Mercedes-Benz and its dealer before analyzing the core issues of the case.

1. Is the Complainant a 'Consumer'?

The opposite parties argued that Samaran Media Consultants Pvt. Ltd. was not a “consumer” under the Consumer Protection Act, 2019, because the car was purchased for a commercial purpose. The commission, however, referred to Section 2(7) of the Act and concluded that goods purchased by a company for the personal use of its directors or employees are not for a “commercial purpose.” The judgment clarified that the car was for the personal use of the director and its purpose was not to generate profits or advance the company’s business activities. Therefore, the commission held that the complainant is indeed a ‘Consumer’ under the law.

2. Does the Commission Have Territorial Jurisdiction?

The opposite parties also contended that the commission lacked territorial jurisdiction, citing a clause in the purchase agreement that stipulated the exclusive jurisdiction of courts in Pune. The commission rejected this argument, finding that it had jurisdiction based on **Section 47(4)** of the Consumer Protection Act, 2019. This provision allows a complaint to be filed where the opposite party has a branch office or where the cause of action arises. The commission noted that the authorized dealer has a registered office in New Delhi and that the cause of action including the car’s repairs and its current location arose within its territorial limits. The court emphasized that the Consumer Protection Act provides overriding statutory remedies, which supersede any contractual clause attempting to limit a consumer’s ability to seek redress.

3. Deficiency in Service and Manufacturing Defect

The commission concluded that the opposite parties were deficient in their services. The recurring nature of the defects, which began just six months after purchase and persisted despite multiple repair attempts, led the commission to infer the existence of a manufacturing defect. The commission found that the voluntary offers from the opposite parties to refund EMIs and extend the car’s warranty were a tacit admission of fault and an attempt to appease the complainant, further supporting the conclusion that the companies were unable to properly rectify the underlying problem.

Remedies Granted by the Commission

Given that the Mercedes-Benz EQS 580 model had been discontinued and a replacement was not possible, the commission’s final order mandated a comprehensive financial remedy. Mercedes-Benz India Pvt. Ltd. was directed to refund the entire purchase price of ₹1,60,09,614.26, along with the ₹16,30,321.74 in loan interest and ₹1,76,605 for prepayment charges, for a total of ₹1,78,16,541.

Additionally, the company was ordered to pay interest on this total amount at a rate of 6% per annum from the date of purchase until the judgment date. The judgment also included a compensation of ₹5,00,000 for mental agony and harassment, and ₹50,000 for litigation costs. The commission further specified that if the full amount is not paid by October 11, 2025, the interest rate would increase to 9% per annum from the date of purchase until the amount is fully settled. Following the refund, the defective vehicle, which is currently at the workshop, is to be taken over by Mercedes-Benz India Pvt. Ltd.

Conclusion

This judgment is a significant development, as it sets several important precedents. It confirms that a company can be considered a “consumer” under the law when a product is purchased for the personal use of its employees or directors, thereby ensuring that such transactions are not automatically excluded from consumer protection. The ruling also reinforces the principle that statutory consumer rights cannot be negated by contractual clauses that attempt to limit jurisdiction.

More importantly, the case provides clarity on manufacturer accountability. The commission’s decision to view the vehicle’s persistent defects as evidence of a manufacturing flaw shifts the burden of responsibility to Mercedes-Benz. It sends a strong message that premium brands, despite their high price, must be held to an equally high standard of quality and service. The ruling further ensures that consumers have a meaningful remedy in this case, a full refund even when product replacement is not an option due to the discontinuation of a model. Ultimately, this judgment strengthens the remedial framework of the Consumer Protection Act, 2019, affirming that goodwill gestures cannot substitute for a consumer’s right to a functional, defect-free product.

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[1]CC/158/2023

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