

The complaint

Mr G complains that the motorhome he acquired through a conditional sale agreement with PCF Bank Limited ("PCF") wasn't of satisfactory quality. He wants the cost of the repairs he had carried out to be refunded.

What happened

Mr G entered a conditional sale agreement in October 2019 to acquire a used motorhome. At the time of the acquisition, the motorhome was around five years old and had been driven just over 50,000 miles. The motorhome had a cash price of £32,000; Mr G paid a deposit of £2,000 and financed the remaining £30,000 on a conditional sale agreement with PCF. Mr G told us:

- he's had a number of issues and faults with the motorhome, the principal one being water ingress in the vehicle's garage resulting in mould and damp, but he's notified PCF of a further 41 faults and issues;
- PCF arranged for an independent inspection, and it was confirmed that the issues with the vehicle had been present when Mr G acquired it;
- PCF initially tried to have the vehicle returned to the dealership to be repaired, but even taking into account the pandemic, the timescales have been lengthy, and the overall process has been very drawn out;
- despite the problems he's experienced getting the matter resolved, he's continued to pay his monthly repayments even though the vehicle isn't fit for purpose and he's had very limited use of it;
- he's had to spend some of his own money rectifying other problems with the vehicle and he shouldn't have had to do this;
- the Motorhome was finally collected by PCF in May 2021 so that the dealership could assess it, but he won't be taking the vehicle back – its condition has deteriorated significantly in the 18 months since he acquired it because the water ingress issues weren't dealt with when he first raised them;

PCF acknowledged that there were ongoing issues with the motorhome, and it accepted that some work hadn't been undertaken competently with the result that damp and rot had set in. It said it was in the process of acquiring additional evidence from an independent inspection, and it confirmed that if the dealership was unwilling to assist, PCF would cover the cost of repairs. It went on to confirm that it would be open to engaging a third party to complete the repairs and it would then expect a financial contribution from the dealership towards the cost of these repairs. And it asked Mr G to obtain three quotes, one of which it would agree to, covering the cost of the repairs.

Mr G told PCF that the dealership hadn't made him aware of his right to reject the motorhome even though he'd made it aware of the numerous faults – some of them on the day of purchase, and others within the first 30 days.

He explained how he'd come to discover the serious damp and mould problem when he'd had to remove the boot liner, and the response he'd been given by the dealership which, he says, suggests that the spray job was a 'cover-up' – an attempt to hide the mould and damp

as confirmed in the findings of the independent inspection report. Mr G highlighted other examples of shoddy work he'd uncovered, for example, plastic cable ties used as a fix to attach hoses to the sink taps; the installation of an inappropriate transformer that resulted in the new battery Mr G had installed being rendered useless through overcharging.

Mr G said that PCF's offer to cover the cost of repairs was made before the independent report highlighted the significant extent of the damp and the fact that the living area was further contaminated with damp and mould. And he said he's spent a not inconsiderable sum of money resolving other issues without reimbursement.

Mr G said that as the repairs hadn't been undertaken within a reasonable time and without significant inconvenience to him, he should be permitted to reject the motorhome. It was 18 months since he acquired the vehicle and none of the repairs had been undertaken.

PCF said it planned to have the motorhome uplifted to a third party so that it can be assessed. It confirmed that in the event it was able to secure an acceptable offer to settle the agreement, it would be willing to end the agreement and refund Mr G. Alternatively, the motorhome could be repaired and other settlement routes could be explored.

PCF told us that it had always accepted responsibility for the fact that the motorhome supplied wasn't of satisfactory quality, but it thought the appropriate remedy was repair and not rejection. It acknowledged that Mr G no longer wanted the motorhome. It said he'd paid £9,496.79 so far and it would be willing to release him from the financial agreement and offer him a refund of £5,213.98. It confirmed that it would update Mr G's credit file to show the agreement as complete with no adverse markings.

Mr G didn't accept PCF's offer and he brought his complaint to this service.

Our investigator looked at this complaint and said she didn't think PCF had acted fairly and she thought Mr G's complaint should be upheld. She said that based on the evidence she'd seen, the motorhome was faulty at the point of supply and wasn't of satisfactory quality. And because she considered that both parties accepted this to be the case, she didn't need to reach a finding on the other faults that Mr G had identified.

The investigator explained that because the dealership had already had the opportunity to repair some of the minor faults that were first identified, she felt that in view of the time that had now elapsed, any further attempts to repair the faults would simply add to the significant delays and inconvenience Mr G had already experienced. Because of this, she said the appropriate remedy in this case was to allow Mr G to reject the motorhome.

She said in addition to being allowed to reject the motorhome, Mr G should be refunded some of the payments he'd made. This was because although the motorhome wasn't of satisfactory quality, Mr G had enjoyed some use of it. And she asked PCF to pay Mr G £100 compensation in recognition of the worry and anxiety it had caused when it sent him arrears and default notices when it shouldn't have done so.

Finally, she also considered the other costs Mr G had incurred in carrying out repairs and maintenance on the motorhome; more than 50 things at a cost of £2,347.21. And she asked PCF to reimburse him these costs. This was because most of these repairs and installations were to improve the motorhome, something that he no longer had the benefit of. But she didn't think Mr G could claim for the labour costs associated with these repairs because she'd seen no evidence that he'd paid for this himself directly.

Although Mr G accepted our investigator's opinion PCF did not, so the complaint comes to me to decide. PCF says Mr G was partially responsible for the time it's taken to progress

things. And it says it can't be held responsible for the repairs that Mr G undertook himself because it wasn't afforded the opportunity to verify those issues. In summary it accepted all aspects of our investigator's recommended redress but not that it should pay Mr G £2,347.21 in respect of the repairs he'd carried out himself.

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.

As the conditional sale agreement entered into by Mr G is a regulated consumer credit agreement this service is able to consider complaints relating to it. PCF is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. This says under a contract to supply goods, the supplier – PCF in this case – has a responsibility to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods. In this case, I would consider relevant factors to include, amongst others, the motorhome's age, price, description and mileage.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the motorhome was supplied. But, if the fault is identified after the first six months, then it's for Mr G to prove the fault was present when he first acquired it.

Having considered all the evidence, I've reached the same conclusion as our investigator and for broadly the same reasons. To be honest, there's very little I can add to what she's already said, and I think she's set out the position very clearly in her view.

Although both parties accept that the motorhome wasn't of satisfactory quality when supplied, I've considered this for myself. And having considered this very carefully I don't think it was. I say this because the independent report is clear that the damp, mould and wet rot would've been present when the motorhome was first supplied to Mr G. The report states that the rear storage compartment is *"...heavily contaminated with moisture / water ingress. Readings were taken and were in excess of 24%. The wood panels were all distorted and soft and seriously affected with water ingress...the water ingress issue would have been developing at the point of sale"*. The report also identified a catalogue of additional issues including, but not limited to, dining table legs; heater system failure, insecure roof trim; insecure taps; and unstable storage drawers.

So, there's no dispute that Mr G has experienced numerous problems with the motorhome; the first of which he says he reported on the very day he collected it from the dealership. And I've seen notes; receipts and very detailed testimony from Mr G detailing the issues he experienced with the motorhome and the repairs and maintenance he had to arrange and the resultant costs of that work.

PCF says the repairs and modification made by Mr G aren't costs that it should refund. It says these aren't consequential losses, the modifications and repairs were carried out

without its permission or notification, and it doesn't understand why Mr G would undertake this work if he knew the motorhome was of unsatisfactory quality. In short, he should've mitigated his losses and not undertaken the repairs and modifications knowing that the motorhome was of unsatisfactory quality.

I've considered this point very carefully, but I have to tell PCF that I don't agree. In view of the faults and problems experienced with this motorhome from the outset and the fact that some of the initial repairs failed to remedy the issues, Mr G would've been within his rights to reject the motorhome. Had this happened at the outset, it would not have been appropriate for Mr G to spend any money on repairing or modifying the motorhome.

But the motorhome wasn't rejected. Mr G says he was unaware of his rights in this regard and, that because the satisfactory quality of the motorhome hadn't yet been confirmed – the independent inspection took place two months after supply – he spent just over £2,000 repairing and improving the vehicle in the belief that he'd benefit from these modifications and use the motorhome for a considerable period of time. I find his testimony plausible and persuasive and conclude that he shouldn't incur these additional costs as a result of being supplied a motorhome of unsatisfactory quality.

I'm satisfied that the redress detailed by our investigator is both fair and reasonable in the circumstances of this complaint, and I'm going to direct PCF to compensate Mr G accordingly.

Putting things right

In addition to the redress agreed by PCF Bank Limited, I'm directing it to compensate Mr G for the costs incurred by him in repairing and modifying the motorhome.

My final decision

My final decision is that I uphold this complaint. If it has not already done so, I direct PCF Bank Limited to:

- End the conditional sale agreement with nothing further to pay and provide confirmation of this to Mr G.
- Remove all adverse information from Mr G's credit file in relation to the credit agreement.
- Refund Mr G his deposit of £2,000.
- Refund Mr G all payments made under the credit agreement from 20 May 2021 to the date the agreement is ended. This is when the motorhome was collected from him, so he's had no use of it from this date.
- Refund Mr G 50% of the payments made under the credit agreement between October 2019 and May 2021. This reflects the loss of use and impaired use because of the motorhome's inherent quality issues.
- pay 8% simple interest on all refunded amounts from the date of payment until the date of settlement.
- refund Mr G £2,347.21 in respect of his additional costs incurred in the repair and modification of the motorhome.
- pay Mr G £100 to reflect the trouble and upset caused as above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 May 2022.

Andrew Macnamara
Ombudsman