

The complaint

Mr I complains that the car he acquired through a hire purchase agreement with PSA Finance UK Limited ("PSA") wasn't of satisfactory quality. He says he's experienced numerous faults with the car since he acquired it in November 2019. And he wants all the outstanding faults repaired at no cost to him and he wants the cost of the repairs he had carried out to be refunded. Mr I is represented in this complaint by Mr T.

What happened

Mr I entered a hire purchase agreement in November 2019 to acquire a used car. At the time of the acquisition, the car was around two years old and had been driven just over 25,000 miles. Mr T told us:

- he's had a number of issues and faults with the car from the first day of supply, but the dealership wasn't able to replicate some of the them as they were intermittent;
- the first major problem was with the brake callipers which also caused abnormal wear on the disks and pads. The callipers were replaced under the warranty by the dealership, and it reluctantly paid for new disks and pads as a gesture of goodwill, but not before he'd received a fine for driving with defective brakes;
- the car made a knocking noise and a defective drive shaft was diagnosed. The dealership replaced the rear engine mounts, but this didn't fix the problem. Further diagnosis identified a fault with the gearbox;
- there were further problems with the 'body control module', and the satnav and radio didn't work properly;
- at the 39,000-mile mark, the car started pulling to one side and this was attributed to the shock absorbers which he paid £700 to repair as this wasn't covered by the warranty;
- he spent £140 having the GTI badge replaced, a further £300 to have the car cleaned and valeted, and £90 for replacement mats;
- when the car was returned, it was clear there'd been an accident at the dealership because the windscreen was cracked, and he had to ask it to replace this;
- the dealership replaced the windscreen but in doing so, it damaged the bonnet. And although it repainted the bonnet, the paint colour doesn't match the rest of the car, so he wants the bonnet repairing and the whole car repainting. A full repaint will also address the matter of the damaged paintwork – a result of the car being left in the car park and damaged by seagulls;
- he's been unable to have the outstanding matters resolved as he's no longer allowed in to either of the dealerships in the locality;
- the way to resolve his complaint is for the outstanding issues to be addressed – dashboard repairs; passenger seat fault; and bodywork issues – and for him to be refunded for the costs he's incurred in respect of the GTI badge; car mats and shock absorbers;
- he wants compensation for the distress and inconvenience he's suffered.

PSA upheld this complaint – it said it had contacted the dealership and in view of the problems outlined by Mr T, the dealership had agreed to his request to reject the car. It

explained what Mr I and Mr T needed to do to return the vehicle and it said once the vehicle had been returned it would cancel the credit agreement and refund the initial deposit and monthly instalments.

PSA wrote to Mr I again a short time later. It said Mr T had contacted it and the position had changed; Mr T no longer wished to reject the car. Instead he wanted the necessary repairs to be completed; specifically, the brake pads and callipers and an investigation of the gearbox for possible faults. PSA said it had contacted the dealership which confirmed that due to the time that had elapsed, it would no longer accept rejection of the vehicle. But it did say that the repairs identified by Mr T could be completed at any approved garage and would likely be covered by the warranty.

PSA also said that a vehicle health check undertaken just a few weeks before the car was acquired by Mr I confirmed that the vehicle's brakes were of satisfactory quality at the point of supply. And it said the issues Mr T had highlighted with the brakes some 5-6 months later were clearly a result of normal wear and tear. But it said the dealership had agreed to cover the cost of these repairs as a gesture of goodwill even though, as a consumable part, they wouldn't be covered under the warranty. It also confirmed that the repairs to the gearbox had been finalised and that following road testing, the car would be returned to Mr T.

In conclusion, PSA said it had upheld Mr T's complaint, but it didn't need to take any further action as the required repairs to the brake disks, brake callipers and gearbox had been successfully completed at no cost to Mr T.

Our investigator looked at this complaint and said he didn't think it should be upheld. He explained that he didn't think the car was of satisfactory quality at the point of supply because repairs to the brakes, driveshaft, and gearbox were required within only a few months of Mr I acquiring the car. But he took into consideration that although rejection of the car had been offered, Mr T had declined this and asked for the car to be repaired. And the repairs had been completed at no cost to Mr I or Mr T.

The investigator also considered the other points raised by Mr T. He said:

- He thought the shock absorbers had reached the end of their natural life span and he didn't think they'd been faulty at the point of supply. So, although the cost of replacement wasn't covered by the warranty, it wouldn't be fair to ask PSA to refund the associated costs.
- Mr T had latterly mentioned issues with the radio and light and he understood these matters would be looked at by a dealership in the future. But he also explained that as Mr I and Mr T hadn't complained about these things to PSA, it wasn't something this Service could look into. They'd need to afford PSA the opportunity to investigate and then, if necessary, they could raise a new complaint with this Service.
- The issues raised by Mr T about the care taken by the dealership; seagull damage to the car and the collision caused by the dealership whilst the car was in their care weren't things that PSA could be held responsible for. And he advised Mr T to raise his complaint directly with the dealership and, if necessary, the Motor Ombudsman.

Mr T rejected the investigator's opinion. He said that call recordings would confirm his preference had been to reject the car and it was the dealership that told him this was no longer an option. But he did confirm that he no longer wished to reject the car now that the necessary repairs have been carried out. He said he wanted reimbursing for the costs of the replacement car mats and GTI badge, and the repairs to the suspension that had cost him £600.

Mr I added that he should be awarded compensation for the trouble and upset he'd been caused. He said *"significant financial compensation should be considered for the time, stress, and inconvenience this has caused over such a prolonged period of time"*.

Our investigator considered what Mr I and Mr T had said in response to his view. He explained he still considered the issue with the shock absorber to be the result of wear and tear and this wasn't something he thought PSA was responsible for. And Mr T's complaints about the cost of the mats and badge were something he'd need to take up with the dealership.

He thought about the distress and worry that Mr I said he'd experienced and recommended that PSA pay him £250 in recognition of this. He said that although the majority of the faults had been repaired at no cost to Mr I or Mr T, he could appreciate the worry and anxiety that had been caused over such a long period of time.

Mr T disagrees so the complaint comes to me to decide. He says the offer of £250 compensation is an insult. He says the dealership originally agreed to replace the mats and badge but then changed its mind, and it should've carried out repairs to the shock absorber under the warranty.

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 hire purchase agreement entered into by Mr I is a regulated consumer credit agreement this service is able to consider complaints relating to it. PSA 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 – PSA 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 car's age, price, description and mileage.

What I need to consider in this case is whether the car supplied to Mr I was of satisfactory quality or not. And having considered this very carefully I, like our investigator, don't think it was. I say this because one of the considerations for whether something is of satisfactory quality is whether or not the item in question has proven to be suitably durable.

In view of the faults and problems experienced with this car from the outset, Mr I would've been within his rights to reject the car. And although there's disagreement between the parties about whether or not the dealership agreed to accept rejection of the car, the absence of any call recordings means I simply don't know what was said at this time.

I don't think this matters now, however, as Mr T told this Service that he no longer wished to reject the car because all the necessary repairs had been carried out.

I've considered very carefully what Mr T says about the dealership initially agreeing to replace the car mats and the GTI badges before changing its mind. But this isn't something I can hold PSA responsible for. If Mr I and Mr T are unhappy with the actions of the dealership, they'd need to complain to it first of all and then, if they remain unhappy with its response, they could consider a complaint to the Motor Ombudsman.

Similarly, as the warranty wasn't financed through the hire purchase agreement that Mr I took out with PSA, then the disagreements between Mr T and the dealership about whether certain work should've been covered under the warranty isn't something I can hold PSA responsible for. Again, Mr I and Mr T would need to raise a complaint with the dealership initially, and if they remain unhappy with its response, they could consider taking a complaint to the Motor Ombudsman.

I've also considered the worry and anxiety that Mr I has experienced because of the faults with the car together with the inconvenience he's suffered over such a prolonged period of time. And I think PSA should pay him £250 in recognition of this.

Putting things right

I direct PSA Finance UK Limited to put things right by paying Mr I £250 compensation for the distress and inconvenience it has caused him.

My final decision

My final decision is that I uphold this complaint and I direct PSA Finance UK Limited to put things right in the way I've directed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 21 March 2022.

Andrew Macnamara
Ombudsman