

The complaint

Mr F complains that Toyota Financial Services (UK) Plc refused to let him reject a faulty car.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute so instead I'll focus on giving 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons:

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards and codes of practice and (where appropriate) what I consider to have been good industry practice at the time.

The finance agreement, in this case is a regulated consumer credit agreement. As such this service is able to consider complaints relating to it. Toyota is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The relevant law says that under a contract to supply goods, there is an implied term that *"the quality of the goods is satisfactory"*.

The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and the mileage at the time of sale and the vehicle's history.

Under the relevant law 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.

With 24 hours of taking delivery of the car Mr F encountered issues with the media unit which these days is an essential part of a car. The screen flickered and then switched off. He took the car back and the dealer says that it couldn't replicate the fault Mr F says that several employees saw the fault and recognised the unit as being faulty.

This was a new car and Mr F expected it to work properly and while I acknowledge, as has been pointed out, that cars are complex pieces of machinery that doesn't mean one can accept faults. The car was relatively expensive and while even a basic model should not come with a fault a car such as this should be in perfect condition.

It seems the dealer decided to replace the unit and I understand this was not done with the

agreement of Mr F. In any event Mr F's partner identified the same fault a few days later and the car was returned. The dealer couldn't find a fault and I gather that by this point video evidence had been provided by Mr F. A written request to reject the car was made within 30 days, but this was rejected.

Toyota became involved and an independent inspection was carried out. The inspector drove the car for 14 miles and couldn't replicate the fault and so it rejected the claim.

Our investigator was satisfied that there was an intermittent fault and having reviewed the evidence, especially the videos I find myself in agreement. While I can understand the dealer's reluctance to allow rejection it is clear that there was an issue with the media system. The consumer is allowed to reject goods with the first 30 days if they are faulty.

Intermittent faults can be problematic, but I am satisfied that there was a fault and so rejection is the best solution. I have noted Toyota's response to our investigator's view and appreciate its view that as the dealer has not identified a fault there mustn't be one, but I cannot see why Mr F would wish to return the new car he had waited for immediately without good reason. I believe that it is sufficiently clear that the car was faulty at the point of sale and so rejection is appropriate.

Putting things right

Mr F should be allowed to reject the car.

My final decision

My final decision is that I uphold this complaint and I direct Toyota Financial Services (UK) Plc to:

- end the agreement with nothing further to pay,
- collect the car (if this has not been done already) at no further cost to Mr F,
- refund the Mr F's deposit/part exchange contribution of £2,732.73 insofar as it was not used to clear existing finance,
- pay a refund of 10% of the monthly payments from September 2020 to the date of settlement to cover any loss of use, or impaired use, of the car because of the inherent quality issues,
- pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement,
- pay a further amount of £150 for any distress or inconvenience that's been caused due to the faulty goods,
- remove any adverse information from Mr F's credit file in relation to the agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 14 April 2022.

Ivor Graham
Ombudsman