

The complaint

Miss D complains about the quality of a car she has been financing through an agreement with RCI Financial Services Limited ("RCI").

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my 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.

I know it will disappoint RCI, but I agree with the investigator's opinion. Please let me explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss D acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation and says, amongst other things, that the car should have been of satisfactory quality when supplied. If it wasn't then RCI, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Miss D. The car here was about four years old and had already covered about 57,733 miles. I think a reasonable person would therefore expect to find some wear and tear present, but I don't think they'd expect the engine to need replacing after only about 16 months of driving.

The relevant legislation explains that when we think about whether goods are of satisfactory quality we should also consider if they have been durable. The supplier has confirmed that this car has a full-service history so it seems it's been serviced in line with the manufacturer's recommendations and, in those circumstances, I think the engine should last significantly longer than it has here. It seems this engine has failed prematurely, and I don't think the car has been durable or therefore of satisfactory quality.

I'm supported in that view by the supplier's comments. In an email they sent on 16 November 2021 they explained that there was an internal fault with No.4 cylinder due to a "*manufacture fault*". RCI are responsible for the quality of the car when it was supplied, and it seems the car wasn't of satisfactory quality at that point because the engine hadn't been manufactured correctly.

Putting things right

The relevant legislation allows a business one opportunity to repair a car in those circumstances. So, RCI should repair the car at no cost to Miss D.

Miss D hasn't been able to drive the car since it broke down (she reported that to RCI on 26 October 2021) so RCI should refund any finance instalments Miss D has paid since the car broke down. They'll need to add interest to that refund as Miss D has been deprived of the money.

Miss D has also had to pay £126 to have the fault diagnosed and to have new spark plugs fitted. I think those costs have been incurred as a consequence of the car being of unsatisfactory quality. So, RCI should refund those costs, adding interest as Miss D has been deprived of that money.

Miss D has been inconvenienced by these issues. She's explained that she's been unable to take her son to football; has missed out on job opportunities as a result of not being mobile and has not been able to travel to see and look after her mother who lives in another city. She's also had to have the car recovered after it broke down on the motorway. Whilst I understand the impact the loss of the car has had on Miss D I think it would be unfair to hold RCI completely responsible as some of those issues could have been mitigated to some extent through the use of alternative transport. In the circumstances I think there has been some distress and inconvenience caused and I'm asking RCI to pay Miss D £200 in compensation.

I'm not asking RCI to refund any recovery costs as these haven't been evidenced by Miss D.

My final decision

For the reasons I've given above I uphold this complaint and tell RCI Financial Services Limited to:

- Repair the car at no cost to Miss D.
- Refund any finance instalments paid since the car broke down on 26 October 2021. Add 8% simple interest per year to that refund from the date of payment to the date of settlement.
- Refund £126 to cover the cost of spark plugs and the diagnostic. Add 8% simple interest per year to that refund from the date of payment (27 October 2021) to the date of settlement.
- Pay Miss D £200 to compensate her for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 13 June 2022.

Phillip McMahon
Ombudsman