

## **The complaint**

Mr P complains Volkswagen Financial Services (UK) Limited (VWFS) have acted unfairly following issues he has experienced with a brand-new car.

## **What happened**

I set out the background to this complaint in my earlier provisional decision, for clarity I repeat it here.

In March 2021, Mr P acquired a brand-new car on a hire agreement with VWFS. Within a month Mr P noticed warning lights appearing on the dashboard. The car was inspected, and the fault codes cleared but the issue persisted.

In June 2021, the engine warning lights appeared again. Mr P had the car further inspected and the issue appeared to have been resolved. But again, the warning lights reappeared. Mr P was concerned about the safety of the car and raised a complaint with VWFS.

In its final response dated 17 September 2021, VWFS accepted there had been issues with the car and apologised for the inconvenience. It offered a refund of one month's rental payment. The car had been booked into an Audi dealer for a further check, but Mr P didn't attend the appointment and so VWFS felt the matter had been resolved.

Mr P says the light continues to illuminate and he was dissatisfied with the offer of compensation which he felt didn't reflect the distress and inconvenience. He felt the car to be unsafe and so brought his complaint to this service requesting he be allowed to reject the car.

An investigator looked into things for Mr P. She looked at all the available information and didn't feel Mr P should be experiencing these kinds of issues with a brand-new vehicle. In her view, she thought Mr P should be allowed to reject the vehicle. In her view she said VWFS should:

- End the agreement with nothing further to pay.
- Collect the car (if this hasn't been done already) at no further cost to the customer
- Refund, on a pro-rata basis, the advance payment for spread rentals plus 8% simple interest per year on the unused portion from the date it was paid to the date of settlement.
- Remove any adverse information from the customer's credit file in relation to the agreement.

But she pointed out that he had full use for the car and in fact exceeded the mileage allowed at this point, any excess mileage charges would be payable by Mr P on return of the car.

VWFS accepted the investigators view but pointed out to Mr P if he wished to take out a further rental agreement there may well be a delay given the current issues all manufacturers were experiencing with semi-conductor parts in the industry.

Mr P considered all the options open to him and felt he would prefer to retain the car. He was concerned about the cost implications of hiring another car as prices have risen and also the time it would take to acquire one.

He said he would rather settle for another repair and requested compensation of around £2,000 for the inconvenience and a courtesy car whilst the repairs were undertaken. VWFS didn't agree it offered two months rental by way of compensation and agreed to repair the car but couldn't guarantee a courtesy car.

As both parties couldn't agree, the complaint was passed to me to make a decision.

In my provisional findings I explained because VWFS supplied the car under a hire agreement, there's an implied term that it is of satisfactory quality. Cars are of satisfactory quality if they are of a standard that a reasonable person would regard as acceptable, taking into account the age and mileage of the car and the price paid.

In this case the car was brand new and so I said in my view a reasonable person would not expect warning lights to illuminate on the dashboard within a month of hire. That said, although Mr P expressed his safety concerns, I understood the current mileage of the car to be around 13,000 miles and so he has driven the car in excess of 5,000 miles of the permitted mileage allowed at this stage. This suggested to me that despite the fault, Mr P has still had use of the car.

Both parties accepted there is a fault but cannot agree on a way to resolve matters further, so I have looked at what I regard as fair and reasonable in the circumstances of this complaint.

I said because VWFS has had at least one attempt at repair that has failed, it would be fair to allow Mr P to reject the car, as the investigator expressed in her view. But Mr P has concerns about acquiring another car and the cost of doing so in the current climate and I said I accepted that is a real challenge at the moment.

I said I was persuaded that a fair resolution would be to allow VWFS one further opportunity to repair the car, but it should provide a courtesy car whilst the repairs are undertaken so as to not inconvenience Mr P any further.

In terms of compensation for the distress and inconvenience. Mr P, whilst expressing safety concerns because of the repeated illumination of the warning light, has still had full use of the car. So, I said, whilst I accept the matter has caused him some trouble and upset, I find the offer of two months rental payments by way of compensation to be fair and reasonable. So, I said for the reasons I have explained, I intended to ask Volkswagen Financial Services (UK) Limited to:

- Repair the car to a satisfactory standard and provide Mr P with a courtesy car for the duration of the repair
- Pay Mr P two months rental totaling £779.80 for the trouble and upset this matter has caused.

I then offered both parties the opportunity to make any further submissions before I make my final decision.

VWFS said it still couldn't guarantee provision of a courtesy car but agreed to refund two months payments for the trouble and upset this matter has caused. It also said if the dealership couldn't provide a courtesy car it would cover the cost of the use of another vehicle whilst the repair was undertaken.

Mr P agreed with my findings and also said he would be happy to make arrangements to book the car into a dealership for the repair and if no courtesy car was available he would accept a payment towards the cost of hiring another car whilst the repair was undertaken.

### **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'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

The hire agreement in this case, is a regulated consumer credit agreement – therefore this service can consider a complaint relating to it. There are various rules and protections about how hire purchase agreements operate, including those set out in the Consumer Credit Act 1974 ("CCA") The CCA is therefore relevant law in this complaint.

Both parties are now in agreement with my provisional decision and so as there is no new information to consider it follows that I have reached the same conclusions for the same reasons as I did in my provisional decision the details of which I have set out above.

### **My final decision**

For the reasons I have given I direct Volkswagen Financial Services (UK) Limited to:

- Repair the car to a satisfactory standard. If the dealership cannot provide a courtesy car, it should cover the cost of a hire car for the duration of the repair.
- Pay Mr P two months rental totaling £779.80 for the trouble and upset this matter has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 September 2022.

Wendy Steele  
**Ombudsman**