

The complaint

Mr R complains Vauxhall Finance plc (Vauxhall) provided him with a car which he doesn't believe was of satisfactory quality.

What happened

In February 2020, Mr R entered into a 48 month conditional sale agreement with Vauxhall for a used car. The car's cash price was £5,898, it had travelled over 56,900 miles and it was first registered in May 2013. Mr R was required to pay monthly instalments of £148.

In March 2020, Mr R reported there was smoke emitting from the steering wheel. According to Mr R he contacted the dealership but they told him to contact the warranty company who in turn advised him to contact a local garage. It was found there was a fault with the heater matrix and it was replaced. Mr R said the repair cost was covered by the supplying dealership.

In September 2020, the car broke down and it was taken to a garage for inspection and later transferred to another garage that specialised in engines. It was found there was a coolant loss, the cylinder head had failed a compression test and the head gasket had failed.

A claim to the warranty company was made and an independent inspection was carried out in December 2020 in order to identify the cause of the coolant loss. The report concluded the coolant loss was caused by a crack in the cylinder head which entered the combustion chamber over a period of time and created excessively hot water which had forced past the edges of the pistons. Based on these findings, the warranty company agreed to cover the cost of the repair to the cylinder head but they considered the remaining damage was the result of the vehicle being driven. Mr R disputed this, he said he was unable to drive the car since September 2020. He said he paid over £1,000 for a repair to the piston and the car was returned to him January 2021. The warranty company commented the coolant leak which had been reported in March 2020 may have contributed to this failure.

Mr R said he wasn't able to use the car between September 2020 when it broke down until January 2021 when it was returned to him. He said during that time, he wasn't provided with a courtesy car meaning he had to arrange alternative transport at a cost of around £220. Mr R complained to Vauxhall in January 2021, requesting to reject the car and to be reimbursed his out of pocket expenses.

Vauxhall said given the age of the car and the miles covered when supplied, it was reasonable to expect the car would require repairs. They added the car had been in Mr R's possession for around 10 months therefore they couldn't be held responsible for the cost of the repairs.

Unhappy with their response, Mr R referred the complaint to our service. Our investigator recommended the case was upheld. They believed the car wasn't of satisfactory quality as there were issues with the heater and coolant shortly after supply and he believed this was linked to the later issue with the head gasket and pistons in September 2020. The

investigator recommended Mr R should be allowed to reject the car, reimbursed costs, refunded for the months he was left without a car and paid £250 compensation.

In response, Vauxhall advised the supplying dealership hadn't seen the car since it was supplied. As requested, a copy of the job card from March 2020 and the warranty company's final response letter was provided to Vauxhall for their consideration. Vauxhall provided no further comment to the investigator's opinion.

Since the complaint was brought to our service, Mr R has confirmed he experienced further issues with the car, he lost confidence in it and he eventually sold it. He said he used the proceeds of the sale to pay towards the agreement which left a balance of around £1,000 which he paid in order to settle the agreement in full.

In June 2022, I issued a provisional decision outlining that I intended to uphold the complaint. I said:

"The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory". To be considered "satisfactory", the goods would need to 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 involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of supply and the car's history.

In this case, Mr R was supplied with a used car that was around seven years old and had travelled over 56,900 miles. For used cars, it's reasonable to expect parts may already have suffered wear and tear when compared to a new car or one that is less travelled.

Fault with the heater matrix

Based on what Mr R has said and the job card of March 2020, it's clear there was a fault with the car's heater matrix as it was required to be replaced. The job card shows the car had travelled 58,630 miles at the time of repair meaning Mr R had travelled 1,650 miles since he acquired it. Given how soon the fault appeared following its supply, on balance I believe it's most likely the fault was present or developing at the point of supply therefore I believe the car wasn't of satisfactory quality meaning there was a breach of contract.

The relevant law outlines consumers have 30 days from supply to reject the car if it's not of satisfactory quality but in this case, there isn't enough evidence to suggest Mr R requested this from the supplying dealership or Vauxhall directly. It would appear he wanted the car to be repaired. In line with what I would expect, a repair was carried out in March 2020 and from my understanding, the repair cost was covered by the supplying dealership.

Fault with the coolant, cylinder head and piston

Mr R reports approximately six months after this initial repair the car broke down again. Based on information from the warranty company, there was a fault with the coolant and this appeared to have caused damage to the cylinder head and piston as found by the independent inspection. Ideally I would've been provided a copy of the same but in its absence I've relied on the final response letter from the warranty company which outlines what the inspection found. Having read correspondence from the warranty company, I also note they say these faults may be linked to the earlier fault in March 2020. Vauxhall has been provided a copy of the same and has provided no further evidence or commentary to contradict what the warranty company has said. On that basis, I'm persuaded by the findings of the warranty company that the faults reported in September 2020 were linked to the

earlier fault found in March 2020 which I've already said made the car of unsatisfactory quality.

The CRA says outside the 30 days to reject, if a fault is found and a repair is carried out, there is one opportunity to repair. If this repair fails, rejection is allowed. As mentioned above, I believe the faults with the coolant, cylinder and piston were related to the earlier fault with the heater in March 2020. Therefore I believe this was a failed repair. For these reasons, I would've said rejection should be allowed which is what the investigator recommended. However I understand since the investigator's opinion, Mr R has sold the car and settled the agreement. He said the car continued to have issues and he lost faith in it, given what had happened I can understand why he felt that way. He said he used the sale proceeds to pay towards the agreement but there was a shortfall of around £1,000 which he then paid.

If the car hadn't been sold, as part of the rejection Vauxhall would've been expected to collect it, end the agreement with nothing further for Mr R to pay. Even though the car has been sold and the agreement settled in full, I'm not persuaded the car was of satisfactory quality at supply so I believe Mr R should be put back as close to the position he would've been in had he not acquired it from the outset.

Therefore I believe he should be refunded the cash deposit (£300) and the cost of repair of the piston (subject to evidence being provided). I also believe it's fair he's refunded the shortfall he paid to settle the agreement in full (around £1,000). As a result of the faults, I understand he was left without use of the car between September 2020 and January 2021 meaning he incurred alternative transport costs. As he had no use of the car during this time, I believe Vauxhall should refund three months instalments (October to December 2020) and subject to proof, refund the cost of Mr R's alternative transport.

It's likely Vauxhall will argue that they were only made aware of the issues in January 2021 which is some time after the initial fault in March 2020 so they had no opportunity to look into matters for Mr R. Having looked at Vauxhall's contact notes, I accept this was the case. It appears he only contacted the supplying dealership and it's most likely he was unaware that he could've contacted Vauxhall directly. However even if he had done so, I suspect Vauxhall would've told him to contact the dealership in any event which is what he did.

I've also considered the impact this situation has had on Mr D including having to return the car for repair on more than one occasion and the inconvenience of finding alternative transport due to the above faults so in the circumstances, I believe it's fair for Vauxhall to pay £250 compensation for the trouble and upset caused".

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Both Vauxhall and Mr R accepted the findings. Mr R provided evidence to show when he sold the car to a third party company, the amount wouldn't have been enough to settle the agreement. So he paid them an additional £1,186 so they could settle it in full with Vauxhall on his behalf. A copy of the same was provided to Vauxhall for their consideration.

On the basis I haven't been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances. Therefore, my final decision is the same for the reasons as set out in my provisional decision.

What I've decided – and why

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My final decision

For the reasons set out above, I've decided to uphold Mr R's complaint.

To put things right, Vauxhall Finance plc must:

- Refund the cash deposit of £300*;
- Refund three months instalments to reflect the loss of use of the car*;
- Reimburse Mr R for the cost of repair to the piston (subject to evidence being provided)*
- Reimburse Mr R for the cost of the alternative transport Mr R had to arrange between September 2020 to January 2021 (subject to evidence being provided)*
- Refund the £1,186 shortfall Mr R had to pay to settle the agreement in full following the sale of the car*;
- Pay £250 compensation to Mr R for the trouble and upset caused.

* Vauxhall Finance plc (GB) Limited should also pay 8% simple interest per year on all the above refunds calculated from the date of payment up to the date of settlement.

If Vauxhall Finance plc (GB) considers tax should be deducted from the interest part of my award it should provide Mr R with a certificate showing how much it has taken off, so he can reclaim that amount if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 3 August 2022.

Simona Charles
Ombudsman