

## The complaint

Miss B complains that PSA Finance UK Limited won't pay for the car that was supplied to her under a conditional sale agreement to be repaired.

## What happened

A used car was supplied to Miss B under a conditional sale agreement with PSA Finance that she signed in August 2020. The conditional sale agreement included a one year mechanical breakdown warranty. A manufacturer's dealer identified an electrical failure of the forward emergency braking radar in June 2021 but the supplying dealer wouldn't pay for it to be replaced as it said that the warranty was for mechanical breakdowns, only covers named components and a diagnostic report would be required to see if the repair was covered.

Miss B complained to PSA Finance but it said that the car was outside of its standard warranty period and there was no evidence that the fault occurred within the first six months. It said that a diagnostic report was required to determine whether the mechanical breakdown warranty would apply. Miss B wasn't satisfied with its response so complained to this service.

Our investigator recommended that her complaint should be upheld. He said that the claim was submitted when the policy was still valid and that the manufacturer's dealer had advised that the failure was "*... a manufacturers defect, there was no signs of external damage at all. We advised the warranty company this at the time*". He thought that it would be reasonable for Miss B to have the car repaired at no cost to her.

PSA Finance then agreed to pay for a diagnostic test of the car and a vehicle health check identified that a distance sensor/radar and calibration was required with an estimated cost of £1,225.70. PSA Finance said that the sensor is designed to function with enhanced safety features but is intended for assistance only and that the driver is responsible for the safe operation of the car. It said that Miss B has confirmed that she's still been able to use the car. It also said that the sensor is a delicate device placed externally on the front of the car and can be vulnerable to external factors over time. It said that the car was supplied in August 2020, the issue was identified about 10 months later and the car had done 91,000 miles at point of sale. It questions whether there is sufficient proof that the car was faulty when supplied to make it liable for the cost of repair and it's asked for this complaint to be considered by an ombudsman.

## 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 outcome recommended by our investigator for these reasons:

- PSA Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Miss B - whether or not it was of

satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it;

- the car that was supplied to Miss B was about three years old, had been driven for 91,033 miles and had a price of £12,292;
- satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will also depend on a number of factors;
- the conditional sale agreement shows that the cash price of the car was £12,292, that there was an advance payment of £5,000 and that Miss B agreed to make 59 monthly payments of £149.49 and a final payment of £150.49 for the car to be supplied to her;
- the dealer's invoice for the car shows that the total price of £12,292 included £629 for a 12 month warranty and its order form that was signed by Miss B shows that she bought a one year mechanical breakdown warranty which would repair the car as a result of a mechanical or electrical breakdown;
- a manufacturer's dealer identified an electrical failure of the forward emergency braking radar in June 2021 and it says that the failure was "*... a manufacturers defect, there was no signs of external damage at all*" which it advised to the warranty company;
- PSA Finance agreed to pay for a diagnostic test of the car and Miss B arranged a vehicle health check in June 2022 which identified that a distance sensor/radar and calibration was required with an estimated cost of £1,225.70;
- I consider it to be clear from the evidence that there's a fault with the car and I consider it to be reasonable for Miss B to expect that the warranty would cover the repair of that fault;
- I don't consider that PSA Finance or the supplying dealer have provided enough evidence to show that the warranty doesn't cover the fault with Miss B's car; and
- the cost of the warranty was included in the credit provided to Miss B by PSA Finance under the conditional sale agreement and I find that it would be fair and reasonable in these circumstances for it to arrange and pay for the fault with the car to be repaired.

### **Putting things right**

PSA Finance has agreed to reimburse Miss B for the cost of the diagnostic report. I find that it would also be fair and reasonable in these circumstances for it to arrange and pay for the fault with the car's radar sensor to be repaired.

Miss B has been able to use the car so I'm not persuaded that it would be fair or reasonable for me to require PSA Finance to refund to her any of the monthly payments that she's made for the car, to pay her any compensation or to take any other action in response to her complaint.

### **My final decision**

My decision is that I uphold Miss B's complaint and I order PSA Finance Limited to arrange and pay for the fault with the car to be repaired.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 October 2022.

Jarrold Hastings  
**Ombudsman**