

The complaint

Mr A complains about the quality of a van that was supplied to him under a conditional sale agreement with PSA Finance UK Limited ("PSA").

What happened

On 13 November 2020 Mr A took out a conditional sale agreement with PSA for a used van. The van was just over three years old and had travelled approximately 38,344 miles. The cash price was £16,626. The dealer provided 12 months' extended warranty with the van.

Mr A told us that an engine warning light came on a week after he got the van. He says he also discovered the heater, demister, headlight and autolocking weren't working, and that there were holes in the floor covering which had been covered with a mat.

Mr A complained to the dealer, who advised him to book the van in with a local garage for any mechanical issues to be fixed under the warranty. He says he waited a long time for an appointment. He says it reached the point where the van wouldn't go above 50 miles per hour, coming to a halt at least four times a day.

Mr A says the van was immobilised at home from 8 March 2021, and that this meant he was unable to work. The van was at the garage from 26 March to 14 April 2021. There was a delay whilst they waited for parts. The garage fitted four new injectors, pipes and fixing, as well as a heater blower resistor. The cost of these repairs was covered by the extended warranty.

Mr A has told us that, as soon as he collected the van from the garage, a dashboard reminder came on saying it needed a major service. He believes this was due in August 2020, and that it should have been carried out before he got the van. Mr A also thought there was an outstanding recall on the vehicle when he got it.

Mr A complained to PSA about the problems with the van and his loss of earnings. In response, PSA said the holes in the floor covering had been present when he'd inspected the van before signing the agreement, and that they'd carried out all outstanding recalls. They advised him to contact the supplying dealer for further investigation of an issue with the mirrors.

PSA partially upheld Mr A's complaint due to faults having been identified and repaired under warranty. They said their terms and conditions state they won't be liable for any loss of profit incurred if the vehicle wasn't of satisfactory quality, but they offered him £200 for the disappointment with the van.

Mr A brought his complaint to us. He told us he's spent around £3,000 fixing issues with the van and lost a total of two months' work. He provided more information about this, which I'll briefly summarise:

Period of loss of use	Details of work carried out	Cost
8 March - 16 April 2021	Diagnosis of the following reported faults:	£147.23

	<ul style="list-style-type: none"> • Engine light on, going into limp mode • Demister and heaters don't work • Auto lock doesn't work Fit four new injectors, pipes and fixing, and a heater blower resistor (covered under warranty)	-
5 - 14 May 2021	Major service Brake fluid change Anti-freeze (coolant) change Emission treatment (engine oil flush) Check & top-up AdBlue fluid	£547.97
8 - 11 June 2021	Remove and replace front brake pads and discs, lubricate calliper Remove and replace rear brake pads and discs, lubricate calliper slides Headlamp bulb change Welding repair to steering high pressure hose bracket	£895.34
3 - 7 September 2021	Oil and filter change	£148.98
27 - 30 September 2021	Replacement thermostat Labour	£295.74 £100
8 - 17 October 2021 and 11 - 22 November 2021	Diagnosis of the following reported fault: <ul style="list-style-type: none"> • Radiator fluid temperature going high Replace water pump and coolant housing (covered under warranty) Replace cambelt & rollers	- - £330.50

Mr A said that, despite repeatedly taking the van to the garage to fix issues, he's still experiencing the same issue that first occurred a week after he got it. He told us the engine warning light keeps coming on, the engine loses power and it shows low oil level. Mr A says his extended warranty has now expired, and he's concerned that the engine might fail.

Our investigator contacted PSA about the faults Mr A had highlighted. PSA arranged for the van to be inspected by an independent engineer on 15 March 2022. The engineer concluded that *"the vehicle is faulty with defects and that these defects would not have been present at the point of purchase."*

Our investigator didn't uphold Mr A's complaint. She said she didn't think it would have been possible for Mr A to have covered the 40,000 miles he'd travelled in the van if the faults had been present when he got it. So, she thought the van had been of satisfactory quality when it was supplied to Mr A, and that the expenses he'd incurred since then were due to wear and tear.

Mr A disagreed with our investigator's view. He asked for an ombudsman to review his case again, as he felt he'd had to pay for too much maintenance on the van. The case has come to me for a decision.

My provisional decision

I issued a provisional decision, saying:

Mr A's complaint is about a van supplied under a conditional sale agreement. Entering into consumer credit contracts like this as a lender is a regulated activity. So, I'm satisfied I can look into Mr A's concerns about PSA.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Sale of Goods Act 1979 (SoGA) is relevant to this complaint. It says where goods are sold in the course of a business, there's an implied term that the goods supplied are of satisfactory quality.

The SoGA says the quality of the goods includes their state and condition. It says things like fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods. But it goes on to explain that this doesn't include things the buyer ought to have discovered when he or she examined the goods, before the contract was made.

The standard that's applied is whether a reasonable person would consider the quality of the goods to be satisfactory, taking into account the way they were described, the price and all the other relevant circumstances. In this case, I take into account that the van supplied to Mr A was just over three years old and had travelled approximately 38,344 miles. It cost £16,626, which is significantly less than it would've cost when it was new. I also bear in mind that a van like this one would generally have been used for business.

Thinking about all of this, I don't think a reasonable person would expect this van to be in perfect condition - I think they'd probably expect some parts to have suffered wear and tear. But I do think they'd still expect it to be free from anything other than minor faults when it was supplied, and to be able to drive it for a reasonable amount of time without major issues.

It's not disputed that there are now faults with the van. I've seen a copy of the independent engineer's report dated 15 March 2022, which confirms this. The question for me to consider is whether the problems Mr A has experienced were due to issues that were already present, or underlying, at the time PSA supplied the van to him.

Mr A has provided copies of the invoices for the work he's had done on the van, which I've reviewed in detail. I've focussed on what I consider to be the main issues in this case, based on the invoices Mr A provided and the dates he's told us he wasn't able to use the van. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Loss of use and costs incurred 8 March - 16 April 2021

The invoice dated 16 April 2021 refers to diagnosis of the following faults:

"Engine light, gone into limp mode"

"Demister and heaters don't work"

"Auto lock doesn't work"

The cost of this diagnostic work is shown as £82.50 plus VAT. The invoice records the van's mileage to have been 43,405 at the time. PSA have confirmed that it needed four new injectors, pipes and fixing, and a heater blower resistor.

Mr A has told us that the engine problems came to light a week after he got the van, but it took a long time to get an appointment for this to be investigated. He's provided a copy of email correspondence with the dealer about this. I've seen that he complained on 10 December 2020 that the van kept giving him a warning to check the engine - and that it had recently stopped altogether.

Mr A emailed the dealer again on 17 February 2021. He complained that the van was still giving a "check engine" warning and stopping - and that the heater and demister had also

stopped working. He said it was dangerous to drive on the motorway because his visibility was reduced.

Having reviewed these emails, I'm satisfied that Mr A was having issues with the engine within the first month and the heater/demister had stopped working within three months. I consider these to be significant faults. As Mr A had less than three months and 5,000 miles' use of the van by the time these issues came to light, I don't consider it to have been of satisfactory quality when it was supplied. I think Mr A was entitled to expect the van to be more durable than this.

I've seen evidence showing the cost of the repair in April 2021 was covered under the extended warranty. But I think it's fair for PSA to reimburse Mr A £82.50 plus VAT for the diagnostic.

The invoice dated 16 April 2021 includes a further charge of £36.02 plus VAT for: "047734 / Filtering". I've seen no information as to what this charge related to, so I'm unable to consider whether that was due to a routine maintenance issue or a fault. In the absence of further evidence about this, I'm not persuaded that PSA should cover this cost.

The evidence I've seen shows the van had travelled around 5,000 miles between 13 November 2020 and 16 April 2021, so I'm satisfied Mr A had some use from it during this period. Mr A has told us that he was unable to use the van after 8 March 2021 due to the problems with it. I've seen evidence confirming the van was at the garage from 26 March 2021 and that the work was completed on 14 April 2021. Mr A has told us that he got it back two days later.

I think it would be fair for PSA to refund 20% of the monthly repayments Mr A made up to 8 March 2021, to reflect the fact that the van wasn't functioning as it should during this period. And I think they should refund all the payments Mr A made for the period between 8 March and 16 April 2021, when he wasn't able to use it at all.

I think Mr A has been inconvenienced by these faults, because I can see he contacted the dealer several times and had to arrange for the problems to be diagnosed. PSA offered Mr A £200 to reflect his disappointment with the vehicle, which is in line with the amount I would have awarded if no offer had been made. So, I don't think any further award is appropriate for the distress and inconvenience Mr A experienced as a result of these faults.

I've seen no evidence showing Mr A suffered a reduction in income due to the problems with the van, or whether it would have been reasonable for him to obtain another vehicle for work. So, I'm not persuaded that it would be fair for me to direct PSA to pay an additional amount for loss of earnings.

Loss of use and costs incurred 5 - 14 May 2021

The invoice dated 14 May 2021 shows Mr A was charged £547.97 for the following work:

- "Carry out fixed price major service"
- "Carry out brake fluid change"
- "Carry out anti-freeze (coolant) change"
- "Carry out emission treatment"
- "Check and top-up AdBlue fluid"

The invoice records the van's mileage to have been 47,734.

I don't find PSA to be liable for the costs shown in this invoice. I consider these to be routine maintenance and servicing expenses.

Mr A says the van was due for a major service in August 2020 – and that this should have been done before it was supplied to him. But service history is something I'd expect a buyer to check when choosing a used vehicle, to give an indication of likely future servicing costs. Some vehicles will have more comprehensive service history than others - and that's often reflected in the price.

I've seen a copy of the service record, which shows a service was carried out on 17 September 2020 when the van had covered 38,147 miles. It doesn't detail what type of service was carried out. If Mr A was concerned about future servicing and maintenance costs, I think this is something he should have checked before entering the agreement.

Loss of use and costs incurred 8 - 11 June 2021

I've seen an invoice dated 11 June 2021, showing Mr A paid £895.34 for the following work:

"Remove front brake pads and disks, lubricate calip replace front brake pads and discs"

"Remove rear brake pads and discs, lubricate calip slides replace rear brake pads"

"Headlamp bulb change"

"Carry out welding repair to steering high pressure hose bracket."

Mr A feels these costs were due to the van not having been properly prepared before PSA supplied it to him. I've considered this point.

I've seen a copy of an MOT test certificate issued two days before Mr A entered the agreement, showing it passed with no advisories. So, I consider it most likely that the brakes and headlamp were working when PSA supplied the van. And I consider replacement of a failed light bulb to be a routine maintenance expense.

I've reviewed the health check report Mr A has shown us, highlighting issues with the brakes. This is identified with the garage's job card number 12151 and records the van's mileage to have been 47,734. It says:

"We've found your front discs to be 90% worn – replace discs and pads"

"We've found your rear discs to be 95% worn – urgent – replace discs and pads"

"We have measured your rear brake pads and found them to be over 100% worn".

I can see that the van had travelled around 9,390 miles since it was supplied to Mr A. I've seen no mention in this health check report of any other issues with the brakes, apart from the discs and pads needing replacement due to wear. Brake discs and pads do need to be replaced from time to time, as they become worn through normal braking. I've seen no evidence to suggest there was an issue with the brakes at the time the van was supplied.

I note that, by the time the garage issued the invoice for the work to the brakes, the van was recorded to have travelled 50,016 miles. So, it had travelled around 2,880 miles since the garage advised Mr A that all the discs and pads needed to be replaced, and that the rear set needed to be done urgently. I consider any additional work required, such as lubrication of the brake callipers, was most likely to be due to parts having worn beyond their serviceable life.

For these reasons, I don't find PSA to be liable for the cost of the work to the brakes.

I've seen no evidence to suggest the damage to the steering high pressure hose bracket was present at the time the van was supplied to Mr A. So, I consider this most likely to have deteriorated due to wear and tear, which isn't something PSA are liable for.

Loss of use and costs incurred 3 - 7 September 2021

Mr A has told us he paid £148.98 on 7 September 2021. I've seen evidence showing this was for an oil and filter change. This is a routine maintenance expense, which isn't something PSA are liable for.

Loss of use and costs incurred 27 - 30 September 2021

I've seen an invoice dated 30 September 2021, confirming the cost of a replacement thermostat to have been £295.74. Mr A told us he also paid £100 for it to be fitted, but I've seen no supporting evidence to confirm this.

I'm not persuaded that PSA are liable for these costs. I've seen no evidence to persuade me that the issue with the thermostat was either present or developing when the van was supplied. This repair was carried out more than nine months after Mr A got the van, by which time it was over four years old. Unfortunately, some repairs are to be expected with a used vehicle of this age. In this case I think it most likely that the thermostat failed due to wear and tear.

Loss of use and costs incurred 8-17 October 2021 and 11-22 November 2021

I've seen two invoices dated 31 October 2021. One of these invoices relates to the following work:

"Carry out repair: replace cambelt and rollers"

for which Mr A was charged £330.50.

The other invoice was addressed to the extended warranty company, covering the following diagnostic and repair work:

"Diag: Radiator fluid temperature going high"

"Carry out repair: replace water pump"

"Carry out repair: replace coolant housing".

I appreciate these issues must have been frustrating and inconvenient for Mr A. But I don't find PSA to be liable for any loss of use or inconvenience he experienced while this diagnostic and repair work was carried out. I'll explain why.

The invoices confirm the van was more than four years old and had covered 66,094 miles by the time this work was carried out. As I've explained, I do think some repairs are to be expected with a used vehicle of this age because some parts will have deteriorated through normal wear and tear.

A cambelt is expected to need replacement at least once during the lifetime of a vehicle. I've seen no evidence to persuade me that this needed to be changed due to a fault that was present when Mr A got the van, or because it wasn't sufficiently durable. I consider this to be a routine maintenance cost, which isn't something PSA are liable for.

And I've seen no evidence to suggest there was an issue with the radiator fluid temperature going high at the time the van was supplied. The van had travelled around 27,750 miles

since Mr A got it. I don't think that would have been possible if there was an underlying issue with the van's water pump or cooling system when PSA supplied it. I'm pleased to see the cost of this repair was covered by the extended warranty. But I'm not persuaded that this was needed because the van wasn't of satisfactory quality when PSA supplied it.

Other issues

Mr A has told us that he's still experiencing problems with the engine warning light coming on, losing power and a warning coming on about the oil level. Mr A says there are also holes in the floor covering, the autolocking system isn't working properly and the blower fan has stopped working. I've considered the available evidence about these problems.

(i) Engine issues

I've seen evidence showing the van passed an MOT test on 21 December 2021, at which time it had travelled 66,003 miles. Mr A sent us an email the following day, saying the engine warning light had come on again. He emailed us again on 30 December 2021, saying an oil level warning had come on. He enclosed photos of these dashboard warnings.

I appreciate Mr A feels the engine warning and engine oil lights are coming on due to a problem that hasn't been properly resolved throughout the time he's had the van. But I'm not persuaded of this. I'm satisfied that a repair was carried out in April 2021 to resolve an issue with the engine that had caused the warning light to come on. The evidence I've seen shows the van travelled around 22,598 miles before the engine warning light came on again.

I've reviewed the independent engineer's report dated 15 March 2022, at which time the van was noted to have travelled 78,149 miles. The report noted "significant external cosmetic damage that renders the vehicle unsafe to be driven on a public highway."

In relation to the engine warning light, it said:

"The examiner has considered the engine related concerns and with the stored fault codes related to the turbo charger and intake systems this will be relevant to the fact that the exhaust gases can't escape due to the damaged exhaust tailpipe... .. it has to be considered that consequential damage may be present to the engine operating condition due to being operated with the damaged exhaust system."

In relation to the oil, the report said:

"The vehicle did not present any leaks/dripping at the time of the inspection"

"It is the drivers responsibility to make sure that all levels are checked and topped up when necessary as engine oil consumption is a normal process for engine operation."

I consider there to be a number of different and unrelated issues that could cause an engine warning light to come on, such as the damage to the exhaust tailpipe that was noted in the independent engineer's report. I've seen no evidence confirming this is due to a fault that was present or developing at the time the van was supplied to Mr A.

I find it most likely that the engine oil warning came on because the oil level needed topping up. I consider this to be a routine maintenance issue. I've seen no evidence to show there's any fault here.

Mr A has shown us a copy of an email from a local garage dated 4 July 2022, confirming the van was taken in for further diagnosis and repair work. The email says the garage replaced

the Bsi/body control module, actuator and cooling fan pack. It says: "The check engine light is also in which we need to further investigate and maybe due to the egr cooler issue".

I note that the latest repairs were carried out after Mr A had around 20 months and 40,000 miles' use of the van. The email from the garage doesn't say any of these issues would have been present when the van was supplied to Mr A. So, I'm not persuaded that PSA are liable for the cost of these repairs.

For these reasons, I'm not persuaded that PSA need to do anything more to resolve Mr A's complaint about the engine issues.

(ii) Holes in the floor covering

The independent engineer's report includes a photo of the flooring on the driver's side of the van. I can see it's worn through in places. PSA say this is something they'd expect Mr A to have seen before he signed the agreement, but Mr A says it was covered with a mat.

I don't find it necessary to decide whether it was reasonable to expect Mr A to have noticed the floor covering had worn through in places, because I'm not persuaded that this meant the van wasn't of satisfactory quality. I bear in mind that this was a commercial vehicle - and that it had already had more than three years and 38,000 miles' use. So, I think a reasonable buyer would expect a fair bit of wear and tear, especially to the flooring.

(iii) Autolocking system not working

The independent engineer's report said: "the rear doors are damaged and any damage to the doors could have an effect on the locking system. The doors would require repair and correct adjustment before further investigations could take place into this concern."

Although I can see Mr A told the garage about an issue with the autolocking system in April 2021, I've seen no evidence that any fault was found. In the absence of further evidence about this, I'm unable to consider this issue any further.

(iv) Blower fan not working

The independent engineer's report states:

"the heater blower system is inoperative... requiring a new electronic resistor on the 16/04/21 with the vehicle having covered some 43,405 miles confirming that an electronic component has failed which would not have been in this condition at the point of sale."

I don't dispute that the electronic component failed after the van was supplied to Mr A. But as I've explained, I'm satisfied he'd only had around three months and 5,000 miles' use of the van before complaining about this issue. And for that reason, I don't consider it to have been of satisfactory quality when it was supplied. Bearing in mind the price, I think Mr A was entitled to expect greater durability from this van.

PSA confirmed that the heater blower resistor was replaced in April 2021 under the extended warranty. But I don't consider that repair to have properly resolved the underlying issue here, because Mr A emailed us on 30 December 2021 saying the blower fan had stopped working again.

For these reasons, I think it would be fair for PSA to fix the issue with the blower fan.

For the reasons I've explained, I intend to uphold this complaint and direct PSA Finance UK Limited to:

- *Reimburse Mr A £82.50 plus VAT for the diagnostic testing detailed in the invoice dated 16 April 2021,*
- *Refund 20% of the amount Mr A paid under the agreement up to 8 March 2021, to reflect the fact that the van wasn't functioning as it should during this period,*
- *Refund the amount Mr A paid under the agreement for the period between 8 March and 16 April 2021, when he wasn't able to use the van,*
- *Interest should be added to each of the refunded payments, calculated from the date of each payment until the date of settlement at 8% simple per year,*
- *Fix the issue with the heater blower system.*

I invited both parties to send me any further information or comments they'd like me to consider.

Responses to my provisional decision

PSA said they had nothing further to add.

Mr A said my provisional decision covered most of the issues, but that he'd like to highlight a few more points. I'll summarise these:

- The emails and photos he'd sent to the dealer showed there was an "engine check" issue from the seventh day after he got the van. Mr A provided further copies of these.
- Despite the van being taken to the garage every four to six weeks throughout the 12-month warranty period, the issue with the "engine check" warning wasn't resolved.
- On 30 August 2022 Mr A had taken the van to a private garage, who said an EGR valve fault needed to be fixed to clear the engine check warning. He provided a photo of a receipt for a replacement valve.
- Mr A had raised a concern about the van going into limp mode within the warranty period. This was recently found to have been due to a turbo charger issue, which has now been fixed. Mr A provided a photo of a hand-held device, showing a date of 18 May 2022 and listing the following faults:
 - Built-in Systems Interface (BSI/SSI)
 - Left motor-fan control or low speed control of motor-fan unit
 - Turbocharger.
- The engine check sign came on during the warranty period, after the last garage visit when the timing belt was changed. Mr A said he'd been left with no option but to take the van to a private garage, which had cost him £2,000 for parts and £750 in labour charges.
- Mr A provided a further copy of the email he'd previously shown us from a local garage, dated 4 July 2022, saying the BSI/body control module, actuator, and cooling fan pack had been replaced. He provided a photo of an invoice for that work, dated 18 May 2022, listing parts and labour totalling £1,450.
- Mr A feels the independent engineer should have carried out computerised checks on the van, rather than just physical checks. And that this resulted in a lack of evidence as to the issue with the exhaust pipe. He said in fact the EGR valve had been faulty and needed to be replaced.

- Mr A feels the dealer hadn't done proper checks on the van before it was supplied to him. He also expressed concern that the dealer hadn't used a garage that was certified by the manufacturer.

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 grateful to Mr A for taking the time to respond to my provisional decision in detail. I want to reassure him that I've given careful thought to all the information and evidence he's provided. But I've seen no new evidence to persuade me that I should depart from my provisional findings.

In my provisional decision, I said I was satisfied that Mr A was having issues with the engine within the first month - and that I think he was entitled to expect the van to last longer than that without major issues. I explained what more I thought PSA should do to put that right.

I also said I'm satisfied that a repair was carried out in April 2021 to resolve an issue that had caused the warning to come on - which involved fitting four new injectors, pipes and fixing.

I've seen evidence confirming the engine check warning was showing again in December 2021. Mr A says it happened sooner than this. He's told us that this same warning came back on after the last visit to the garage under the warranty, when the cambelt was changed. He says a private garage advised him that this warning was due to a faulty EGR valve that needed to be replaced.

But I've seen nothing to persuade me that the fault with the EGR valve was related to the issue repaired in April 2021. By comparing the invoices for that repair and the cambelt change in October 2021, I can see the van covered over 22,500 miles in this period. I think it most likely that the engine check warning would have come on sooner than this if the repair in April 2021 hadn't been carried out properly.

Mr A feels the independent engineer's inspection in March 2022 should have included computerised checks, as this would have enabled him to diagnose the fault with the EGR valve. But this wouldn't have changed my decision. The engineer's report shows that, by March 2022, the van had covered around 40,000 miles since PSA supplied it. And I've seen no evidence to show the EGR valve fault was present or developing when Mr A got the van.

I've considered the additional invoice Mr A has provided for the costs he incurred in May 2022, relating to replacement of the BSI/body control module, actuator, and cooling fan pack. My provisional decision set out the reasons why I didn't consider PSA to be liable for the cost of that work, so I won't repeat that here. The invoice doesn't provide any more information about these issues, so my view remains the same.

Mr A has provided evidence showing a fault with the turbo was also diagnosed in May 2022. But as I've explained in my provisional decision, I note that he'd had around 20 months and 40,000 miles' use of the van by the time these latest repairs were carried out. I've seen no evidence to show the problem with the turbo was present or developing at the time PSA supplied the van to him. So, I'm not persuaded that they're liable for the cost of this repair.

I appreciate Mr A feels the dealer should have used a garage that's been approved or certified by the manufacturer. Unless this was something Mr A was promised before he entered the agreement, there's no requirement for the dealer or PSA to use a particular type

of garage for servicing and repairs. I've seen no evidence that this was something Mr A was promised, so this doesn't change my decision.

My final decision

For the reasons I've explained, I uphold this complaint and direct PSA Finance UK Limited to:

- Reimburse Mr A £82.50 plus VAT for the diagnostic testing detailed in the invoice dated 16 April 2021,
- Refund 20% of the amount Mr A paid under the agreement up to 8 March 2021, to reflect the fact that the van wasn't functioning as it should during this period,
- Refund the amount Mr A paid under the agreement for the period between 8 March and 16 April 2021, when he wasn't able to use the van,
- Interest should be added to each of the refunded payments, calculated from the date of each payment until the date of settlement at 8% simple per year,
- Fix the issue with the heater blower system.

If PSA consider tax should be deducted from the interest element of the award, they should tell Mr A how much they've taken off. They should also provide Mr A with a tax deduction certificate if he asks for one, so he can reclaim the tax if he's eligible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 October 2022.

Corinne Brown
Ombudsman