

The complaint

Mr O has complained about the quality of a car he acquired using finance from Volkswagen Financial Services (UK) Limited ('VWFS').

Mr O has been represented in bringing his complaint. But for clarity, I'll refer to all submissions made on his behalf, as having been made by him directly.

What happened

In September 2021, Mr O entered into a finance agreement with VWFS for a second hand car. But soon after, he experienced problems with it, and the dealership agreed for repairs to be carried out.

Mr O later complained to VWFS about the quality of the car. It upheld his complaint, and offered him £500 in recognition of the distress and inconvenience caused.

Following this, Mr O explained that the car had needed further work to be carried out, and it also broke down. He complained to VWFS and said he wanted to reject the car. He then brought his complaint to our service.

One of our investigators looked into what had happened. She agreed there were problems with the car, given that it had repairs carried out, and it also broke down. So, she went on to consider whether it was of satisfactory quality when it was supplied. She noted that VWFS upheld Mr O's complaint in February 2022, so appears to have acknowledged the car wasn't of satisfactory quality in respect of that issue. However, she was satisfied that repairs had been carried out at no cost to Mr O. She was also satisfied that the later repairs, when there were issues in April 2022, were also carried out with no charge.

This meant our investigator needed to look at whether VWFS should do anything more about what had happened during this period. She thought it was fair that Mr O should be compensated for the time he was without the car. He'd provided taxi invoices for around £8,000, but she thought it would be unfair to reimburse such a large sum. Instead, she thought his loss of use of the car was best reflected by a pro rata refund of his monthly repayments, for the time he was without the car. So, she worked out, on balance, what this period most likely was, as there were differing recollections. The car was in for repair from October 2021, and the most consistently mentioned date of collection seems to be around January 2022. And so, without any further evidence, she thought it reasonable that VWFS refund any payments Mr O made from October 2021 to January 2022.

Mr O would also like to be compensated for the time the car was in for its MOT. But an MOT is an expected event, and was his responsibility. This meant she didn't think he should receive anything for this.

Further, she'd been provided with no evidence to show that Mr O was without use of the car when it had repairs in April 2022, so didn't think he should be refunded for any repayments for this period.

This left the problems with the clutch in June 2022, when Mr O incurred breakdown and repair costs. Our investigator thought about whether this was caused by a fault that was present or developing at the point of supply, such that the car wasn't of satisfactory quality. She explained that the car was over six years old when supplied, and had travelled over 49,000 miles. It also passed its MOT in March 2022, and had 52,371 miles on the clock. So, Mr O had driven the car over 3,000 miles before issues with the clutch manifested themselves. Accordingly, she felt the issues were attributable to normal wear and tear.

Mr O would also like to be reimbursed for legal costs. However, our service is free – and VWFS had told Mr O this – so our investigator didn't think this would be fair.

Finally, VWFS had offered Mr O £500 for any distress and inconvenience caused, which our investigator thought was reasonable.

VWFS agreed with our investigator's recommendations. But Mr O did not. He provided receipts from the taxi company, showing he'd paid around £8,000 in cash for taxis. He also explained that he'd had no choice but to use taxis while without his car. He said the amount of the daily hire charge for a suitable vehicle over the same period is only likely to have been fractionally cheaper than the amount of taxi charges.

The complaint's now been passed to me.

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 our investigator's findings, and for the same reasons she gave.

As regards the issues between October and April, both parties accept there were issues with the car and that Mr O should be compensated for loss of use during this time. I agree that monthly repayments (plus interest) are fair, between October 2021 and January 2022 – the period it seems, on balance, that Mr O was most likely without the car. There's no evidence he had loss of use during the April. Nor should he be compensated for the car going for its MOT, which is standard, and is his responsibility. So, monthly repayments from October 2021 up to January 2022, for the avoidance of doubt, can fairly, on balance, be taken as the following three: October 2021, November 2021 and December 2021. This cannot be exact, as the dates given have varied. But I think this is as close an estimate as we can reasonably get, to be fair to both parties.

Mr O would also like to be reimbursed for the taxi charges. He's provided receipts to show he paid £7,900 in cash for taxis during this period. I don't think it's fair to refund this, in addition to the monthly repayments set out above. They total more, for three months, than the total cost of the car itself, which was £7,600. I'm not persuaded that Mr O had no other alternative. I feel this extremely high cost could have been significantly mitigated. Three full monthly repayments are, in my view, reasonable to address the loss of use.

Turning to the later clutch issues, I agree these were likely attributable to reasonable wear and tear, commensurate with the age and mileage of the vehicle. As cars age, they need parts replacing/repairing/maintaining, and Mr O had driven around 3,000 miles before he experienced these issues. He's not provided anything to persuade me that there were an issue, at the point of supply, to show the car wasn't of satisfactory quality as regards the clutch.

As our service is free, I don't think that Mr O should be compensated for any legal costs incurred.

Finally, I've considered whether an award for distress and inconvenience is appropriate. I can see that VWFS have already offered £500. As I think this as a significant sum, I'm not going to interfere with it.

Putting things right

To put things right, VWFS should:

- refund Mr O his monthly repayments for October 2021, November 2021 and December 2021, adding 8% simple interest a year, from the date he made each repayment, to the date of settlement; and
- pay Mr O the £500 already offered for the distress and inconvenience caused (if it hasn't already).

My final decision

For the reasons given above, it's my final decision to uphold this complaint. I require Volkswagen Financial Services (UK) Limited to take the actions set out above, in the section headed 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 September 2023.

Elspeth Wood
Ombudsman