

The complaint

Mrs I complains that the caravan she acquired through a hire purchase agreement with Paragon Bank Plc trading as Paragon Motor Finance isn't fit for purpose. She wants to reject the caravan.

What happened

Mrs I entered into a hire purchase agreement in April 2022 to acquire a new caravan. The agreement term was 10 years, and Mrs I was required to make monthly repayments of around £275. Mrs I says that the caravan leaks and that she has tried to get the dealer to repair it but it says it can't find the leak. Mrs I says that the caravan has been with the dealer since February 2023 and when she raised her complaint with Paragon it said it wouldn't issue a final response until the caravan had been collected and returned to Mrs I's home. Mrs I says the caravan is over 400 miles from where she lives and not fit for purpose so she doesn't want to collect it.

Following Mrs I raising her complaint with this service, Paragon issued a final response letter. It said that Mrs I contacted it on 27 February 2023 to say the caravan had a water leak and had been with the dealer for two weeks, but it was unable to find where the leak was coming from. Paragon contacted the dealer and was told it was waiting for a date from the manufacturer for the caravan to go for repair. It said it spoke with Mrs I and she confirmed that the manufacturer had been in contact about repairs but she wasn't happy with the timing. Paragon noted the delay but said the caravan needed to go to the manufacturer as the dealer hadn't been able to find the leak.

Paragon said the water ingress was first reported in December 2022 which was more than six months after Mrs I took delivery of the caravan and so the onus was on her to evidence the fault and that it was present or developing at supply. It said the photographs provided weren't enough to do this but the dealer had agreed to inspect the issue and repair this under the manufacturer's warranty. It said that Mrs I asked for an independent inspection to take place and the dealer said this could happen and Paragon said this would be at Mrs I's cost. It didn't accept that Mrs I could reject the caravan and found the dealer had tried to assist Mrs I with the issues she had reported.

Our investigator upheld this complaint, but he didn't think that Mrs I should be allowed to reject the caravan. He noted the issues raised within the first five months of having the caravan and said while these were minor given the caravan was new at acquisition it should have been free from defects, including minor defects. Because of this he said the caravan wasn't of satisfactory quality at supply and noted that these issues were repaired.

Our investigator said the main issue was with the water ingress but said there wasn't enough evidence to say this was due to a fault that was or still is present with the caravan. He noted the dealer had stress tested the caravan and wasn't able to find a leak. Given this he didn't find he could ask Paragon to do anything further in regard to this and said that if a leak was proven then Mrs I might have a stronger case for rejection but at this stage he didn't think she had the right to this.

Overall, our investigator thought that the repair was a reasonable remedy to the minor issues that Mrs I had raised but also thought that Mrs I should be refunded her rental payments from 10 February 2023 to 3 April 2023 (being when the caravan went to the dealer until when it asked Mrs I to collect it) and be paid £200 compensation for the distress and inconvenience caused by these issues.

Mrs I didn't accept our investigator's view. She said there was no evidence to show there wasn't a leak and no evidence of the test carried out to check for this. She said she should have been invited to an inspection of the caravan, but the dealer wanted to keep her away. She said the evidence she has provided shows the water ingress and said this had happened on two occasions.

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.

Mrs I acquired a new caravan through a hire purchase agreement. Under the regulations, specifically the Consumer Rights Act 2015, Paragon can be held liable if the caravan wasn't of satisfactory quality at the point of supply. Satisfactory quality takes into account factors such as the age and use of the caravan as well as the price paid. In this case Mrs I acquired a new caravan and so it is reasonable that she would expect it to be free from faults, including minor defects.

Mrs I acquired the caravan in April 2022. In September 2022, she contacted the dealer about some minor issues, and it was agreed these could be addressed at the next service. Further details were provided in October 2022 listing the bathroom mirror as cracked, a missing blind clip and the silicon seal around the toilet needing resealing. While these were minor issues, as the caravan was new when it was supplied it should have been fault free and this includes being free from minor defects. As these issues were raised within six months of Mrs I acquiring the caravan, I do not find that the caravan was of satisfactory quality at the point of supply.

When a caravan is identified as not being of satisfactory quality at supply and the issues are raised after the first 30 days, the business is usually allowed an opportunity to carry out a repair. In this case it was agreed the repairs would be undertaken with the caravan's next service in February 2023. As this was convenient for Mrs I, she accepted the offer of repair, and I have nothing to suggest these repairs weren't successful I find this a reasonable remedy to these issues.

Mrs I raised further issues on 29 December 2022, these were that the fridge cabinet had moved and required adjustments, the kitchen cupboard doors required adjustment and there was water damage to a base seat cushion and fabric covered panel. As these issues were raised after Mrs I had been in possession of the caravan for six months, the onus was on her to evidence these issues and show they were due to faults present or developing at the point of supply. That said, it was agreed that the repairs would be carried out at the next service. As this happened, I find this a reasonable remedy.

The outstanding issue is regarding Mrs I's concerns about a leak. Given when the issue was raised, Mrs I was required to provide evidence of a fault. While I note the photographs provided, I do not find this alone is enough to conclude that there was a fault with the caravan that was present or developing at the point of supply.

Mrs I's caravan was still under warranty and the dealer said that it would look into the water ingress. It said it carried out intermittent tests and investigation and wasn't able to find a

leak. I note Mrs I's comment about not having evidence of the tests carried out, but I find it reasonable to accept these happened. As tests weren't able to replicate the issue, I find it reasonable that the dealer said the caravan could be returned to the manufacturer for assessment and repair. I note Mrs I's comment about this and that her contact details were passed to the manufacturer and that the timing offered meant she would miss further planned trips in the caravan. But given she had a manufacturer warranty, and the dealer hadn't been able to replicate the faults and so wasn't able to undertake repairs, I find this was a reasonable suggestion for next steps.

Mrs I asked about an independent inspection taking place. It was agreed this could happen at the dealer's but that if Mrs I wanted to be present she would need to collect the caravan and have it inspected at her property. I understand Mrs I's concerns about the impartiality of the inspection but she could have chosen the inspecting company and provided details of what she wanted inspected and so I find she was provided with a reasonable opportunity for further checks to take place. Had these identified faults present or developing at supply this could have affected the outcome of this complaint.

But, based on the information I have, I do not find I have enough to say that there is an ongoing fault with the caravan regarding the water ingress that was present or developing at supply. As the other issues that were raised have been resolved I do not find I have enough evidence to say that Paragon is required to cover the cost of any further work.

I have considered the inconvenience and upset Mrs I was caused by the caravan experiencing issues shortly after acquisition and while these were repaired at a time convenient for Mrs I this still meant she was without the caravan for a period of time. Therefore, I agree with our investigator's recommendation of a refund of rentals from 10 February to 3 April 2023. I note Mrs I's comment that she couldn't use the caravan from 29 December when she reported the leak and water damage but as it was her decision to have the repairs undertaken in February, I think it reasonable this is the date from which the refund should apply. On 3 April 2023, Paragon emailed Mrs I confirming the dealer hadn't been able to replicate the leak and that Mrs I had not agreed to the caravan being sent to the manufacturer. By this time the other repairs had been completed. Therefore, I find this a reasonable date to end the refund period.

Our investigator recommended that Mrs I be paid £200 for the distress an inconvenience being provided with a caravan that wasn't of satisfactory quality had caused. I understand she doesn't feel this is enough. But I have to consider that the issues meaning the caravan wasn't of satisfactory quality were relatively minor and were repaired at a time requested by Mrs I, therefore in this case I find the £200 recommended is reasonable.

Finally, I appreciate the point Mrs I has made about the support network for repairs and not being able to use her local dealer. As this complaint is about Paragon I cannot hold it responsible for the approach taken by the dealer in regard to allowing repairs at other locations and without evidence to show that this issue was misrepresented to Mrs I and she was told she could rely on a local dealer when this wasn't true, I do not find I have enough to be able to say this issue means the caravan was mis-sold.

Putting things right

Paragon Bank Plc trading as Paragon Motor Finance should:

- pay a refund of rentals from 10 February 2023 to 3 April 2023 to cover any loss of use, or impaired use, of the car because of the inherent quality issues;
- pay 8% simple yearly interest on all refunded amounts from the date of payment until

the date of settlement; and

- pay a further amount of £200 for any distress or inconvenience that's been caused due to the faulty goods.

*HM Revenue & Customs requires Paragon to deduct tax from any award of interest. It must give Mrs I a certificate showing how much tax has been taken off if she asks for one.

My final decision

My final decision is that Paragon Bank Plc trading as Paragon Motor Finance should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I to accept or reject my decision before 13 November 2023.

Jane Archer
Ombudsman