

The complaint

Mr R complains that a new car he acquired via a hire purchase agreement with Toyota Financial Services (UK) PLC wasn't of satisfactory quality and he wishes to now reject it.

What happened

In February 2022 Mr R ordered a new car from a dealer using his old car in part exchange and financing the remainder with a hire purchase agreement via Toyota. He collected his new car at the end of June 2022.

Mr R says that around the end of August 2022 there were problems with the navigation system that was included within the multi-media system. He says the main problem was the system wouldn't upload/recognise an address. He returned the car to the dealership for a fix in September 2022 but says he was advised to wait for an update to become available as other customers had complained about the same issue and one was expected from the manufacturer.

Mr R says he returned to the dealership in October 2022 but was again told the update would be forthcoming. He says he was advised to use his phone via the multi-media system for navigation in the meantime.

Mr R went back to the dealership in December 2022 and the upgrade was carried out. He says this only fixed the problem for a few hours and so he returned to the dealership the following day. He was then told to wait for a further update to fix the problems. Mr R became concerned about the ongoing problem and contacted both the dealership and Toyota seeking to reject the car.

Mr R reported further issues with the navigation system to the dealership in January 2023 and provided a video. The dealership said they were unable to fix the problem and passed it on to the manufacturer. Mr R says he was then asked to take his car back into the dealership a few weeks later.

In March 2023, Toyota sent Mr R its final response letter to his complaint. It didn't uphold his complaint though did offer, as a gesture of goodwill, reimbursement of one month's instalment under the agreement. Toyota said that the navigation system had been working at the point of supply to Mr R, but that it was several months afterwards the issue with being unable to input an address had occurred. Toyota said the address could be inputted via the VIA voice command system. It also said that an update was needed but none had been available and when this had eventually been carried out, Mr R hadn't raised any further complaints with the dealership. Toyota said that a fault Mr R had reported with the media screen freezing which he had said was linked to his mobile's battery couldn't be replicated. It also said through a feature provided with the multi-media system, navigation apps could be used via his mobile phone to access google maps etc.

Mr R was unhappy at the response from Toyota and complained to this service. He said that the work around using the VIA voice system didn't work and there were issues when he had tried to use the apps if his mobile phone had 15% battery or less. He said he wasn't able to

charge his mobile phone and use the navigation system at the same time.

A further update was made to the car's system in May 2023 and although this fixed the issue of the screen freezing it, instead, developed a flicker. Mr R provided a number of videos of the problems he was experiencing with the navigation system. Our investigator then asked Toyota if it would be willing to arrange an independent inspection of the vehicle to confirm the current faults, but it declined. It said it would expect Mr R to take the car back to the dealership for an inspection.

Our investigator recommended that Mr R's complaint should be upheld and that it would be fair for him to now reject the car. She said that looking at the evidence that had been provided, she thought there was a fault with the car. Our investigator said Mr R had reported various and reoccurring issues with the multimedia system, some of which had been resolved over the past year since the supply of the car. She also said that some new issues had emerged, and Mr R had evidenced the current problems with videos showing the multimedia system being unresponsive to commands and flickering. Our investigator said that it would have been reasonable to have expected the car to have been free from this type of defect and that it hadn't of been of satisfactory quality at the point of supply to Mr R.

Our investigator said Toyota should now allow Mr R to reject the car; end the agreement; refund his deposit and pay him £300 compensation for the distress and inconvenience caused to him for dealing with the faulty car.

Mr R accepted our investigator's view, but Toyota has disagreed. It raised the same issues it had in its final response letter to Mr R stating that the dealership had confirmed that at that point of sale, the vehicles satellite navigation system was working as it should; that it was several months after purchase that they advised the satellite navigation system had developed a fault; that the VIA voice command system would have accepted a post code and begun the navigation; that the issue had been eventually updated and the customer had not complained further of the same problem; that other problems couldn't be replicated and that apps could have been accessed. Toyota also said that modern vehicles have many mechanical components and sometimes issues could occur that needed to be looked at and investigated further in order to rectify the problem. It said software updates might be required and to be ongoing for all navigation and media services. Toyota said it didn't agree there was a fault with the system that could not be repaired.

As the parties have been unable to reach an agreement the complaint has 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.

Under the Consumer Rights Act 2015 there is an implied term that when goods are supplied the quality of the goods is satisfactory. The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods.

Here the car was brand new and would be expected to be fault free and to remain fault free for a reasonable period of time. I'm unclear why Toyota makes reference to the fault arising several months after purchase as that's not supported by the evidence. Mr R acquired the car at the end of June 2022 and had taken it back to the dealership in September 2022. I'm satisfied the problems with the multi-media system arose within just a few weeks of Mr R taking the car.

Toyota also raises that the multi-media system was functional at the point the car was supplied to Mr R. I don't think that is disputed by Mr R but looking at how quickly the fault arose it appears likely that the problem was either developing at that point or alternatively the system wasn't as durable as a reasonable person would have expected. So, even if the multi-media system was working when Mr R first took the car, this wouldn't necessarily mean the car was of satisfactory quality at that time.

I've seen that Mr R took the car back to the dealership and was advised to wait for an update to be released by the manufacturer. I appreciate that software updates are required from time to time and that these often fix the issue, however I disagree that here the fault has been repaired.

I've seen Mr R has had the updates that were available, but the multimedia system has continued to have problems. He has provided videos of the issues he has experienced. I've also seen that he has reported issues to the dealership, so it isn't correct to say he made no further complaints after the first update was applied in December 2022. I also appreciate that Mr R has been very disappointed by the service he received from the dealership but that isn't something that is in my remit to consider. Toyota isn't responsible for how the dealership handled Mr R's complaint, but I do accept that Mr R made more complaints to the dealership about the car than Toyota appears to acknowledge.

I've also seen that Toyota says there were a number of other options via the multi-media system that Mr R could use to navigate. However, Mr R has set out that there were issues with these, the voice activated system didn't work and he had difficulties using apps such as google maps. As Toyota hasn't provided any evidence that the car's multimedia system was fault free (save that the dealership had been unable to replicate one issue raised by Mr R regarding using his mobile phone) then I think it's more likely than not that Mr R has experienced a number of issues using the multi-media system for navigation. I also think these problems have arisen within a short time of him acquiring the car.

So, on the evidence I have seen, I don't think the car was of satisfactory quality at the point it was supplied however I accept that under the Consumer Rights Act 2015 the merchant has a right of repair. But I think they have had this opportunity and the problems have continued. While I accept the issues are slightly different, I don't have any evidence they are entirely new ones with their own right of repair, I think it's more likely than not that there is a fault with the multi-media system, and this has not been fixed.

I therefore think it would be fair for Mr R to now reject the car and for the contract to be ended with nothing to pay. I've seen Mr R has been using the car and, in keeping with the Consumer Rights Act 2015, I think it is fair he pays for that use, so I won't be asking Toyota to reimburse his monthly payments made under the agreement. However, his deposit should be return to him.

I also agree with our investigator that dealing with the faulty car has caused Mr R distress and inconvenience. I think £300 compensation is fair and reasonable when considering the impact this has had on him.

For the reasons give above I'm upholding Mr R's complaint.

Putting things right

I'm asking Toyota to do the following:

- End the agreement with nothing further to pay.
- Arrange for the car to be collected at no cost to Mr R.
- Refund the deposit paid by Mr R together with interest at the yearly rate of 8% simple from the date of payment until the date of settlement.
- Pay Mr R £300 compensation for the distress and inconvenience caused by having to deal with the faulty car.
- Remove any adverse information about this account from Mr R's credit file.

My final decision

For the reasons set out above, I'm upholding Mr R's complaint. I'm asking Toyota Financial Services (UK) PLC to do the following:

- End the agreement with nothing further to pay.
- Arrange for the car to be collected at no cost to Mr R.
- Refund the deposit paid by Mr R together with interest at the yearly rate of 8% simple from the date of payment until the date of settlement.
- Pay Mr R £300 compensation for the distress and inconvenience caused by having to deal with the faulty car.
- Remove any adverse information about this account from Mr R's credit file.

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

Jocelyn Griffith
Ombudsman