

The complaint

Miss M complains about the compensation offered by FCE Bank Plc trading as Ford Credit Europe (FCE) after they agreed to the rejection of her vehicle.

What happened

In August 2022 Miss M acquired a new car through a hire purchase agreement financed by FCE.

Miss M complained to FCE about the quality of the vehicle in June 2023. She said she'd taken the car to the dealership on a number of occasions in relation to an issue with the speedometer. The issue was ongoing, and Miss M asked to reject the vehicle.

FCE sent Miss M their final response to her complaint in August 2023. They said they understood the flickering display to be a characteristic of the vehicle, but it was more prominent in Miss M's car. They said no fault had been found, but it was considered to be intermittent.

FCE accepted Miss M's request to reject the vehicle and offered to refund her deposit of £2,221, refund 25% of two of her monthly instalments, pay £150 compensation for inconvenience and cover the £80 cost of removing Miss M's private registration.

Unhappy with this, Miss M brought her complaint to this service for investigation. She said she'd spent time off work arranging for the vehicle to be fixed, and the fault first occurred in December 2022, so it'd taken some time for the rejection to be agreed. Miss M said the compensation offered was low as a result.

Our investigator gave his view that the offer made by FCE was broadly in line with what this service would've asked them to do had no offer been made, but he thought they should add 8% simple yearly interest to any refunds from the date of payment to the date of settlement. FCE accepted our investigators view.

Miss M didn't agree. She said the compensation should be higher considering the time off work, petrol costs and chasing that she had to do to get the matter resolved.

As an agreement can't be reached, the case has been passed to me for a decision.

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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. FCE as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

It's not in dispute that Miss M's car had a fault, or that this made the car of unsatisfactory quality, so I haven't considered this further.

FCE have agreed to the rejection of Miss M's car and the refund of her deposit. So, I've focussed on the compensation they've offered her alongside this.

Miss M was able to continue to drive the car, but with an ongoing fault, that is the flickering of the screen. Miss M had this issue for around eight months before rejection was agreed but was able to continue to drive the car during this time. FCE have offered to refund Miss M 25% of two of her monthly payments, a total of £175.24 and I think this fairly reflects any loss of use Miss M experienced over the duration of the fault and is in line with any award I'd have made if FCE had made no offer.

Miss M has been put to distress and inconvenience in being supplied with a car that wasn't of satisfactory quality. She's had to spend time taking the vehicle to be diagnosed and repaired on a number of occasions and has needed to correspond with FCE about the ultimate rejection of the vehicle. FCE offered Miss M £150 to reflect this. All things considered, I think £150 fairly reflects the distress and inconvenience caused to Miss M and is in line with any award I'd have made if FCE had made no offer.

Our investigator recommended that FCE add 8% simple yearly interest to any refunded amounts from the date of payment to the date of settlement. This is intended to compensate Miss M for being without these funds that she could have otherwise used as she saw fit. I'm satisfied that this is fair in the circumstances, and FCE have agreed to this recommendation.

My final decision

My final decision is that I uphold this complaint and FCE Bank Plc trading as Ford Credit Europe must:

- Pay the sum of £2,586.24 to Miss M for her deposit, 25% of two monthly rentals, £150 compensation and £80 for the license plate, alongside the rejection of the vehicle, if these payments have not already been made.
- Pay Miss M 8% simple yearly interest on any refunded amounts from the date of payment to the date of the refund.

If FCE considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss M how much it's taken off. It should also give Miss M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 3 July 2024.

Zoe Merriman
Ombudsman