

The complaint

Mr T complains that a car he acquired using a conditional sale agreement with LeasePlan UK Limited ("LeasePlan") wasn't of satisfactory quality.

What happened

In 2020, Mr T entered into a conditional sale agreement with LeasePlan for a new car. The agreement set out that the cash price of the car was just over £25,000.

From around June 2023 onwards, Mr T experienced a number of issues with the car including cracks in the driver's seat, mirrors not folding in, faults with the parking sensors and in August 2023, a fault with the engine which meant the car wouldn't start. The car at that time had covered around 35,000 miles.

Mr T complained to LeasePlan as he'd been left without the use of the car which he required for both work and personal purposes, and with no idea how long that would be for. LeasePlan said initially that they wouldn't keep him mobile while the car was being repaired as he hadn't opted for maintenance or replacement vehicle cover. Mr T highlighted to LeasePlan that he was complaining about the quality of the car, and in particular his rights under the Consumer Rights Act 2015 (CRA) that the repair needed to happen within a reasonable time and without significant inconvenience to him. And Mr T complained that he wasn't offered a courtesy car.

LeasePlan didn't provide their final response to Mr T, so he referred the matter to us, whereupon they set out their position on the complaint. They said, in summary, that it was unfortunate the car wasn't repaired quickly but the supplying dealer was allowed one chance to repair it, which they had now done. LeasePlan offered £250 to Mr T as a gesture of goodwill but didn't agree to pay consequential losses of £809.20 that Mr T wished to claim, or the £500 he requested for the distress and inconvenience he'd been caused.

Our investigator looked into what had happened and recommended that Mr T's complaint should be upheld. He thought the fault with the engine meant the car wasn't of satisfactory quality when it was supplied to Mr T. He noted the car had been repaired and that Mr T had terminated the conditional sale agreement and sold the car back to the supplying dealership in November 2023.

He recommended that LeasePlan should refund the repayments Mr T made under the conditional sale agreement for the five weeks he didn't have use of the car and refund him £220 he paid for transporter fees and a diagnostic test. He also recommended that LeasePlan remove any adverse information from Mr T's credit file in relation to the conditional sale agreement. He felt though that their offer of £250 in respect of distress and inconvenience was fair.

LeasePlan agreed with our investigator's recommendation. Mr T though felt the £250 figure for distress and inconvenience was inadequate and that £500 was a fairer amount.

As the matter remains unresolved, Mr T's complaint has been passed to me to decide.

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 want to acknowledge that I've summarised the events of the complaint. I don't mean any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr T and LeasePlan that I've reviewed everything on file. If I don't comment on something, it's not because I haven't considered it. I've concentrated on what I think are the key issues. Our powers allow me to do this.

LeasePlan supplied the car to Mr T under a regulated conditional sale agreement. Because of that, our service can consider complaints about the agreement and the goods, in this case the car. LeasePlan has an obligation to ensure the car was of satisfactory quality – as set out in the CRA. Satisfactory quality is what a 'reasonable person' would expect, considering amongst other things the age and price of the car. It's reasonable to note the car subject to this complaint was brand-new when Mr T acquired it. So, he would in my view have had high expectations of the car and its condition.

I note that LeasePlan agreed to our investigator's recommendations on how to resolve the complaint, and that includes his view that the car wasn't of satisfactory quality. So, it seems to me that LeasePlan accepts the car wasn't of satisfactory quality.

For the avoidance of doubt though, I find that the car wasn't of satisfactory quality when it was supplied to Mr T. The car needed significant works in the form of a replacement engine when it had covered only 35,000 miles or so. I wouldn't expect a 'reasonable person' to have expected this issue to have happened after such mileage even though it occurred around three years after acquisition.

Putting things right

LeasePlan and Mr T have agreed with the majority of our investigator's recommendation, which is for LeasePlan to do the following:

- Refund Mr T with the repayments he made while he was without the use of the car, with interest.
- Refund Mr T £220 for costs he incurred when the car broke down, with interest.
- Remove any adverse information from Mr T's credit file in relation to the conditional sale agreement.

I think the principle of the above is fair, although for clarity I will add that repayments should be refunded from 17 August 2023 to 15 September 2023. Interest of 8% simple per year should be added to this, from the date of payment to the date of settlement.

I note though that our investigator said that LeasePlan should refund £220 for costs Mr T incurred. Those costs total £210 rather than £220 as Mr T paid a transportation fee of £160 and a £50 diagnostic fee. So, LeasePlan needs to refund £210 to Mr T, and pay interest at 8% simple per year, from the date of payment (21 August 2023) to the date of settlement.

Mr T feels that £250 isn't a fair figure for the inconvenience he's been caused. I understand his reasons for this and agree LeasePlan could have done something more to address the actual complaint about satisfactory quality rather than just telling him that they had no obligation to keep him mobile. But considering the car was off the road for around five weeks, which isn't in my view a considerable length of time, overall, I find that £250 is a reasonable amount.

I note Mr T has since had further issues with LeasePlan, in that they've tried to take payment for the agreement even though it's no longer live and that they haven't removed their HPI interest from the car. Mr T will need to raise this separately with LeasePlan and can ask us to look at this separately as well if he wishes.

My final decision

I uphold this complaint and direct LeasePlan UK Limited to do the following:

- Refund Mr T with the repayments he made to the conditional sale agreement while he was without the use of the car, which was from 17 August 2023 to 15 September 2023.
- Pay interest on the above at 8% simple per year, from the date of payment to the date of settlement.
- Refund Mr T £210 for costs he incurred when the car broke down.
- Pay interest on the above at 8% simple per year, from 21 August 2023 to the date of settlement.
- Pay Mr T £250 for the distress and inconvenience he was caused.
- Remove any adverse information from Mr T's credit file in relation to the conditional sale agreement.

If LeasePlan considers it necessary to deduct tax from any interest award, they should provide Mr T with a certificate of tax deduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 11 November 2024.

Daniel Picken
Ombudsman