

## **The complaint**

Mrs C complains Toyota Financial Services (UK) PLC (Toyota) supplied her with a car that she believes wasn't of satisfactory quality.

Mrs C is represented by Mr C but for the purposes of this decision, I will refer to Mrs C as she's the agreement holder.

## **What happened**

In March 2020, Mrs C entered into a 36 month car finance agreement for a new hybrid car. The car's cash price was over £32,200. Mrs C was required to pay monthly instalments of around £420 with a final optional payment of around £15,500.

Mrs C says from May 2021, she started experiencing issues with the car's battery as it wasn't holding its charge. When the car went for its two year service in February 2022, Mrs C complained to the dealership about the ongoing issues with the battery. She was told it needed to be recharged for a minimum of eight hours.

Between May 2021 and September 2022, the car broke down several times requiring the assistance of a breakdown service. For each call out, the fault was noted as the battery. In September 2022, the battery was replaced under warranty. There have been no further breakdowns since however following a health check assessment in March 2023, it was noted there was a drop in the performance of the battery. Throughout this situation, Mrs C says she been repeatedly told she need to drive the car more often as it would help charge the battery.

Mrs C later went on to settle the agreement in March 2023.

Toyota didn't uphold the complaint, they said there wasn't a fault with the battery. Unhappy with their response, the complaint was referred to our service. Toyota has since offered to pay £250 compensation for the delays taken to answer the complaint. Mrs C has accepted the same.

Our investigator recommended the complaint wasn't upheld. In summary she said since the battery was replaced there is no evidence of any further breakdowns. She concluded the replaced battery was functioning correctly. She also said if Mrs C is unhappy about what she was told about the car's performance before she entered into the agreement, that would have to be raised as a separate complaint point. Mrs C disagreed and maintained her position.

In December 2023, I issued a provisional decision outlining my intentions to partially uphold the complaint. I said:

*"Mrs C acquired a car under a regulated credit agreement. Toyota was the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply and the quality of the car."*

*The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that “the quality of the goods is satisfactory”. To be considered “satisfactory”, the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and all the other relevant circumstances. In a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of supply, the car’s history, safety, durability, etc.*

*Mrs C was supplied with a brand-new car. So I think it’s fair to say that a reasonable person would expect the level of quality to be higher than a second-hand, more road-worn car. And that it could be used – free from defects – for a considerable period of time.*

*Based on some of the breakdown reports I’ve seen and their conclusions, it’s clear there was a fault with the battery. From my understanding the first breakdown was around May 2021. I don’t have that breakdown report so I’ve accepted what Mrs C has told our service in good faith. I have no reason to doubt what she has said. It’s unclear how many miles the car had travelled at that point but based on the mileage at the service in February 2022 (around 10 months later), it was certainly under 12,900 miles.*

*I must stress a car’s battery isn’t expected to last the lifetime of a car, it will lose performance and capacity overtime with use and due to other factors. However I’ve already set out the sort of high expectations a reasonable person would have when purchasing a new car. In this case, I don’t find a reasonable person would expect to experience such a fault with the battery after only having had the car for approximately a year and covered less than 12,900 miles. There is no indication it is due to something else like lack of maintenance of the car, or how Mrs C used it, etc. For these reasons, I don’t find the car was of satisfactory quality at supply as it wasn’t reasonably durable, meaning there was a breach of contract.*

*Where this happens and it’s outside the 30 days of supply (short time right to reject), the CRA allows for one opportunity for repair. I would expect this to be carried out in a reasonable timeframe and at no cost to the consumer. In this case, I understand after much back and forth with the dealership and Toyota, the battery was changed in September 2022. I note this was several months after Mrs C first reported the fault to the dealership and around three months after she complained to Toyota.*

*Having read Toyota’s final response, it appears they weren’t aware the battery had been replaced so I can understand Mrs C’s concerns about the adequacy of their investigation. Given the timeline of events, I can’t say the repair was carried out within a reasonable period of time. As a result, the car broke down more times which required the services of roadside assistance, which undoubtedly led to further trouble, distress and frustration for Mrs C.*

*Mrs C has told our service since the battery was replaced in September 2022 there have been no further breakdowns. To my mind, this would suggest the repair resolved the issue. That said, I’ve seen the car’s health report dated March 2023, it says “Although the Hybrid Health Check was successful. We detected a drop in performance of the conventional 12v battery”. I wish to reassure Mrs C that I’ve taken this into account. However I don’t find it’s sufficient evidence for me to reasonably say there is a remaining fault with the battery which means the car remains of unsatisfactory quality. On balance, I find it’s most likely the replacement of the battery in September 2022 fixed the fault.*

*I’ve also thought about Mrs C’s concerns that she was told on more than one occasion that to ensure the battery is functioning as it should, she needs to drive the car more often and*

*from my understanding she has been doing so. However she said she was concerned about the impact this will have on the mileage allowance as permitted by the agreement. While I appreciate her concerns, I note this agreement was fully settled in March 2023, therefore it's no longer subject to a mileage allowance. As advised by the investigator, if Mrs C is unhappy about what she was told about the performance of the car and she has concerns it's not in accordance to her intended use, she will have to raise this as a separate complaint to Toyota. Based on what has been presented to me, I haven't seen enough evidence to say she specifically raised this point to Toyota when raising this complaint. Therefore it wouldn't be appropriate for me to comment on this aspect any further as Toyota hasn't had the opportunity to address this concern.*

*I know Mrs C suspects there is an underlying issue concerning the battery and according to her, there is a widespread concern about it however our service's role is to consider the circumstances of each individual case which is what I've done here.*

*As a result of being supplied with a faulty car, Mrs C says she has incurred costs which she wants to be compensated for. This includes the cost of two years additional breakdown cover (around £152) and alternative travel when the car broke down (around £30). I don't intend to award direct compensation for such financial losses as there's insufficient evidence to say they were incurred as a result of the car's battery fault but I've taken this into account when thinking about the overall trouble and upset caused.*

*Mrs C also maintains because she's been advised to drive the car more often, she estimates she has covered at least an additional 2,000 miles to keep the battery charged. She says Toyota should compensate her on the basis of 45p per mile equating to roughly £900. While I recognise Mrs C's strength of feeling about this, I don't intend to say Toyota should compensate her for this.*

*I've thought carefully about the likely impact on Mrs C of being supplied with a faulty car. This includes multiple breakdowns requiring the services of roadside assistance, trips to the dealerships and other garages, her worries about not knowing if the car will drive as expected, the delay in the repair being carried out, etc. For this, I find Toyota should pay a further £400 compensation for the trouble and upset caused. I understand they've already paid £250 compensation as a gesture of goodwill given the delays in answering a complaint. I won't comment on this further as Mrs C has already accepted this.*

*In summary, I'm not satisfied the car was of satisfactory quality at the point of supply due to a faulty battery. However I find the repair carried out in September 2022 resolved the fault. There isn't enough evidence to say a fault remains. In recognition of the trouble and upset caused by this situation, I intend to say Toyota should pay a further £400 (this is in addition to the £250 compensation already paid)".*

#### *Response to the provisional decision*

Toyota accepted the findings and said they had paid the additional compensation to Mrs C.

In summary, Mrs C said:

- The first breakdown was at 7,000 miles after having the car for 14 months;
- In September 2023, the service report said the battery needed recharging after being recharged approximately a month prior;
- There are ongoing issues with the replacement battery, it can't hold its charge, there remains an underlying issue with it;
- The initial complaint was made before the finance agreement was settled;

- They had already raised the complaint point the car wasn't fit for its intended purpose;
- Toyota was aware or ought to have been aware the battery had been replaced;
- There was a conflict of interest between Toyota and the manufacturer and this concern had been raised to the financial regulator.

### **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 thank Mrs C for her further comments which I've carefully considered. I won't address them all, instead I will focus on the ones to be key in deciding this outcome.

She's provided additional evidence of the health check in September 2023 and readings from a diagnostic tool. I note it says the midtronics battery is only 75% charged and an offer has been made for it to be recharged at the next service for free.

However I don't find this is sufficient evidence to say the battery isn't performing as it should or the car remains of unsatisfactory quality. The reason I say this is because a car's battery will invariably go up and down depending on the use and charge of it. It's not expected to stay at 100%. Similar to a mobile phone, the more a person uses it, the battery will decline until you charge it.

Based on my research, in self charging hybrid cars the internal combustion engine drives a generator that recharges the battery as you drive it. Therefore the more the car is used, it's meant to charge itself. In plug in hybrids, there is an element of self-charging through regenerative braking but it needs to be plugged in to fully charge. That said, like all cars the battery will degrade following significant use.

In my opinion, the fact the car was reported as being 75% charged doesn't pose an overall concern about the battery, instead it's clear it's being used. There's insufficient evidence to suggest the car won't start or its components aren't working as it should such as the radio, heated seats, electrics, entertainment system, etc. Therefore I find on balance the car and its battery is working as it should and performing for its intended use.

I wish to make it clear although the finance agreement had a mileage allowance of around 8000 miles per year, that is not the amount the battery is expected to last for at 100%. The mileage allowance is what the finance company (Toyota) allows agreement holders to cover without additional cost. This is to maintain the value of the car in the event it is sold on at the end of the agreement. It has nothing to do with the performance of the battery or an indication as to how long the car can travel without it needing to be charged.

On the basis I haven't been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances. Therefore, my final decision is the same for the reasons as set out in my provisional decision.

### **My final decision**

For the reasons set out above, I've decided to partially uphold Mrs C's complaint.

To put things right, Toyota Financial Services (UK) PLC should pay an additional £400 compensation to Mrs C for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or

reject my decision before 15 February 2024.

Simona Reese  
**Ombudsman**