

## The complaint

Mr M complains that the car he acquired through a conditional sale agreement with Stellantis Financial Services UK Limited trading as Vauxhall Finance wasn't of satisfactory quality. He either wants to be able to reject the car or have his repair costs covered.

## What happened

Mr M acquired a used car in July 2022. The car cost £16,148 and Mr M paid a £1,000 deposit and financed the rest through a conditional sale agreement with Vauxhall Finance. Under the agreement, Mr M was required to make 60 monthly repayments of around £318.

In October 2022, the car broke down and was recovered to a garage (the 'repairing garage'). Mr M says the car was in the repairing garage for around a month and the engine needed to be stripped for a part to be replaced. Mr M says the cost of this repair was covered by his warranty and the car manufacturer. On 1 May 2023, the car broke down again and Mr M returned it to the repairing garage. He was told the electric motor had failed and this had damaged other parts. The cost of the repair was quoted as £4,969. At this point Mr M's warranty had expired and the dealership that said it wouldn't cover the cost.

Mr M contacted Vauxhall Finance and says he was told it wasn't liable for the repair costs. He says that due to the time it was taking to deal with the issue and the costs involved he couldn't afford to buy or hire another car and he asked the repairing garage to complete the repairs. There were delays and Mr M says he was without a car from 1 May to 1 August 2023. He says he has a car that has cost around £10,000 in repairs within 13 months and he doesn't trust it not to need further repairs. He doesn't think this is fair and doesn't accept the car was of satisfactory quality. He wants the cost of repairs covered or to be able to return the car and be removed from any liability under his finance agreement.

Vauxhall Finance issued a final response letter dated 1 August 2023. It contacted the supplying dealership which said it hadn't had the car back or carried out any inspection, diagnostics or repairs and that the repairs were undertaken at another garage. It said the pre-delivery safety inspection form for the car showed no failures. It said that as the issue with the car happened outside of the first six months the onus was on Mr M to show the issues were the result of faults that were present or developing at supply.

Mr M referred his complaint to this service.

Our investigator noted that there was a fault with the car as evidenced by the electric motor being replaced in July 2023. However, they thought this issue had arisen due to a failed repair. They noted that the first repairs weren't undertaken by Vauxhall Finance or the dealership and Mr M didn't make these parties aware of the repairs. Our investigator understood why Mr M had taken the action he did but they didn't find that Vauxhall Finance was wrong to ask for evidence of any faults being present or developing at supply before taking any further action and without this they didn't think they could hold Vauxhall Finance liable for the cost of the July 2023 repairs. That said, our investigator thought the faults which caused the car to break down in October 2022, meant the car wasn't of satisfactory quality but as the repairs were carried out at no cost to Mr M, they didn't find that he had

been financially disadvantaged by this. However, as Mr M was without use of the car for around a month they thought he should be refunded his payments for this period. They also thought he should be paid £100 for the distress and inconvenience caused by being provided with a car that wasn't of satisfactory quality.

As a resolution to this complaint wasn't agreed, this case has been passed to me, an ombudsman to issue 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.

Mr M acquired a used car financed through a conditional sale agreement with Vauxhall Finance. Under the regulations, Vauxhall Finance can, in certain circumstances, be held liable if the car supplied wasn't of satisfactory quality. When considering satisfactory quality of cars, it is reasonable to take into account factors such as the age, mileage and price.

Mr M entered into the conditional sale agreement on 23 July 2022 and took delivery of the car on 28 July 2022. At that time the car was around four and a half years old and had been driven over 27,000 miles. Given the car's age and mileage it is reasonable to expect that it would have suffered some wear and tear.

The car broke down in October 2022. Mr M has provided a copy of an invoice dated 9 November 2022, which reports the car being recovered to the repairing garage with a message saying '*electric motor fault*'. Diagnostics were carried out and repairs undertaken. Mr M has provided copies of the invoices for the repairs which provide some details but I do not have further details of the repairs or costs. Based on the evidence provided it is clear there was a fault with the car which caused it to break down in October 2022. Based on the information about the car's faults, and given Mr M had only had the car around three months by that time, I do not find that the issue could be considered as wear and tear and I find it more likely than not that the car had faults that were present or developing at supply. Therefore, I do not find that the car was of satisfactory quality.

Had Mr M raised these initial issues with the car with the supplying dealership or Vauxhall Finance I would have expected it to have taken action to remedy the faults. That being undertaking repairs at no cost to Mr M. I would also have expected Mr M to either have been kept mobile or to have his repayments refunded for the period he was without use of the car. In this case, Mr M took the car to the repairing garage under his warranty and didn't inform Vauxhall Finance of the issues. As the repairs were carried out at no cost to Mr M, this was a reasonable outcome, however I still find that he should be reimbursed the payments that relate to the period he was without the car. I also agree with our investigator that Vauxhall Finance should pay Mr M £100 for the distress and inconvenience he was caused by being supplied with a car that wasn't of satisfactory quality.

Mr M was then able to drive the car for around seven months before the car broke down again. Mr M returned the car to the repairing garage but his warranty had expired and he was told the manufacturer wouldn't contribute to the cost of repairs. Mr M was told that the electric motor had failed and damaged other parts of the car.

Mr M contacted Vauxhall Finance at this point. Given this issue was identified and raised with Vauxhall Finance around 10 months after Mr M acquired the car, I do not find that Vauxhall Finance was wrong to say that Mr M would need to provide evidence to show that the fault that occurred in May 2023, was present or developing at supply. An independent inspection hasn't taken place and I understand Mr M has paid for the repairs which would

make this difficult. Noting the issues identified in May 2023, and the repairs undertaken in November 2022, I find it appears more likely than not that the issues identified in May 2023, were the result of an unsuccessful repair. Unfortunately, because Mr M had the repair carried out by the repairing garage and didn't make Vauxhall Finance aware of the issue in November 2022, I cannot hold Vauxhall Finance liable for the failed repair.

Taking all of the above into account, I find that Vauxhall Finance should refund Mr M the repayments he made while he was unable to use the car when the initial repairs were undertaken and pay him £100 for the upset caused by being provided with a car of unsatisfactory quality. But I do not find I can require it to cover the costs the repairs that appear to have arisen from an unsuccessful repair by an unrelated party.

### **Putting things right**

Vauxhall should:

- liaise with Mr M, and the repairing garage, if necessary, to determine how long he was without the car for during the October 2022 repair and reimburse him his monthly repayments during this time.
- pay 8% simple yearly interest\* on all refunded amounts from the date of payment until the date of settlement;
- pay a further amount of £100 for any distress or inconvenience that's been caused due to the faulty goods;

\*HM Revenue & Customs requires the Vauxhall Finance to take off tax from this interest. Vauxhall Finance must give Mr M a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

My final decision is that Stellantis Financial Services UK Limited trading as Vauxhall 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 Mr M to accept or reject my decision before 23 October 2024.

Jane Archer  
**Ombudsman**