

The complaint

Miss P is unhappy with the quality of a car supplied by Stellantis Financial Services UK Limited trading as PSA Finance UK using a conditional sale agreement.

What happened

In September 2022, Miss P entered into a conditional sale agreement with PSA Finance for a used car. The car was around three years old and had been driven for 36,231 miles. The cash price was £13,497.

Miss P initially agreed to buy the car based on a video sent by the dealership, it was then delivered to her on 29 September.

After the car was delivered, PSA Finance said Miss P signed to say she was happy with it. Miss P says she didn't sign for the car and that she tried to call the dealership multiple times straight away to say she wasn't happy with the quality.

She says there were a number of issues when it was delivered including problems with the rear brake discs and pads, a cigarette burn on the passenger seat, a smashed rear light, out of line rear panels and poor paintwork.

After speaking to the dealership, another local branch took the car back in for investigation in October. They found that the rear brakes were binding and were worn, the driver's door speaker was muffled, there was a crack in the rear light passenger side and the boot lid didn't line up. The mileage at this point was 37,488.

Shortly after this, on 28 October, Miss P asked to reject the car as she had lost faith in it because of all the problems that it had. She was also getting increasingly frustrated with the lack of communication from the dealership as she tried to resolve the issues she was having.

In November, the dealership offered to repair the issues with the car but said they wouldn't allow a rejection to take place. Unhappy with this, Miss P complained to PSA Finance, who also said they wouldn't allow her to reject the car.

Miss P didn't think this was fair, she asked us to look into the case and also provided an independent inspection report to show the car wasn't of satisfactory quality. This report said there were issues with the alignment of the bodywork and rear headlights.

An investigator looked into the case and said she didn't think the car was of satisfactory quality when it was supplied. So, she said PSA Finance should allow Miss P to reject it, unwind the agreement and pay £300 for the distress and inconvenience that has been caused.

PSA Finance disagreed with her findings, so the case has been passed to me to review.

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.

Miss P acquired her car using a conditional sale agreement and so The Consumer Rights Act 2015 is the relevant legislation for this complaint. The Act sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of satisfactory quality. Satisfactory quality is essentially based upon what a reasonable person would consider to be satisfactory. In instances like this when considering the quality of a car, the age, mileage and price are some of the things that I think would be considered to be reasonable to take into account.

If the purchased goods are found to be defective after 30 days of the goods being delivered, then the CRA allows the consumer the short term right to reject.

So, I've considered the issues Miss P had with her car and I've thought about what the dealerships local branch found when they took the car in for inspection. I've also considered the independent report provided by Miss P. Although I've had to bear in mind that it isn't dated, nor does it detail the mileage of the car. As well as these reports, Miss P has also supplied photos showing issues with the paintwork and bodywork alignment.

Both reports confirm that there are issues with alignment of the body work and the rear headlights. I also find Miss P's photo evidence persuasive that there are issues with the paintwork. I've thought about all the evidence provided, including how soon after the car being delivered Miss P pointed the issues out. After doing this, I'm persuaded that there were issues with the car which were present or developing at the point of sale.

I know that Miss P disputes signing to say she was satisfied with the car on delivery. Regardless of whether this document was signed, I think the evidence provided since shows that there were issues with the car which makes it of unsatisfactory quality. This is because I don't think the document from the point of delivery contradicts the findings of two inspections which confirm there are problems with the car.

Considering the price of the car, its age, and its mileage, I don't think a reasonable person would've expected the amount of issues Miss P identified when the car was delivered. So, I think there has been a breach of contract. As Miss P asked to reject the car within 30 days of its delivery, I think a rejection of the car is the reasonable remedy under the CRA.

In rejecting the car, PSA Finance should unwind the agreement, so Miss P has nothing further to pay and collect the car at no further cost to her. As part of this, they should remove any adverse information from the details held with the credit reference agencies.

PSA Finance should also refund Miss P the deposit amount of £8,500. They should also reimburse her the amount she paid for the independent inspection report, subject to her providing proof of payment.

I can see that Miss P had to pay for the brake discs and pads to be fixed in order to use the car. She has sent evidence that this cost her £229.07. The issues with these were apparent soon after the car was delivered. I've considered that Miss P asked to reject the car within 30 days of its delivery, and if PSA Finance had allowed this, she wouldn't have had to bear this cost. And because of this, I think the repairs to the discs are a consequential loss of the rejection of the car and so PSA Finance should reimburse Miss P this cost.

PSA Finance should add 8% simple interest to these amounts because Miss P has been without use of these funds.

I understand that Miss P has lost faith in the car, and I've considered the issues that were

present. Overall, after considering the nature of the problems with the car, I don't think it's appropriate for PSA Finance to refund Miss P her finance repayments. This is because there isn't enough evidence for me to conclude that the car wasn't able to be driven, and Miss P had access and use of it throughout this time.

PSA Finance should also pay Miss P £300 compensation. I think this amount recognises the frustration Miss P had in trying to get her issues resolved. She had to constantly chase the dealership as no one was responding to her. She also had the inconvenience of having to take her car in for multiple inspections. I can understand why Miss P found this whole experience frustrating.

Putting things right

My final decision is that I uphold this complaint. Stellantis Financial Services UK Limited trading as PSA Finance UK should do the following to put things right:

1. Unwind the agreement so Miss P has nothing further to pay;
2. Collect the car at no extra cost to her;
3. Refund Miss P her deposit amount of £8,500;
4. Reimburse Miss P the £229.07 she paid for the brake discs and pads;
5. Reimburse Miss P what she paid for the independent report; subject to her providing proof of payment to PSA Finance;
6. Add interest at a rate of 8% a year simple to parts three to five of this settlement from the dates they were paid, to the date of settlement of this complaint.*
7. Pay Miss P £300 for the distress and inconvenience she has experienced; and
8. Remove any adverse information which has been recorded with the credit reference agencies.

*PSA Finance must pay these amounts within 28 days of the date on which we tell them Miss P accepts my final decision. If they pay later than this, they must also pay interest on the settlement amount from the date of final decision to the date of payment at 8% a year simple.

If PSA Finance deducts tax from any interest they pay to Miss P, they should provide her with a tax deduction certificate if she asks for one, so she can reclaim the tax from the tax authorities if appropriate.

My final decision

My final decision is that I uphold this complaint and ask Stellantis Financial Services UK Limited trading as PSA Finance UK to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 15 May 2025.

Ami Bains
Ombudsman