

The complaint

Mr M complains about the length of time it took Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions (“Novuna”) to resolve an issue with a car supplied to him under a hire agreement.

What happened

In February 2021, Mr M leased a brand-new car using a hire agreement with Novuna. The agreement was for 36 months, where Mr M was to pay an initial rental of £3,246.05 and then 35 regular, monthly payments of £270.50.

Mr M said that in October 2021 he experienced a fault with the car. In particular with the lane assist and emergency assist systems where they continued to alert and activate when driving when they should not have.

Mr M said he contacted Novuna about the issue and he said he was told by them that they would not be involved in the repair as he hadn't taken a maintenance package out alongside the agreement.

In November 2021, Mr M took the car in for repairs at the manufacturer's dealership and he said he was told that a software update was expected for the car to resolve the issue, but it hadn't been released yet, with no specific timeframe given for its availability. Mr M said he thought he would be contacted by the dealership when the update was made available.

Mr M believed the issue with his car is known and a common fault and said he told the dealership that a steering wheel replacement might resolve the issue.

A year or so went by and Mr M said the issue persisted intermittently, and he became accustomed to the alerts when they activated. But at around November 2022, Mr M said the alerts activated more regularly and so he contacted the manufacturer's dealership again and was surprised to hear the software update to resolve the issue was available. However, after having it installed, Mr M said it didn't resolve the issues he experienced.

A replacement steering wheel was ordered and was fitted in April 2023, which Mr M said resolved the issues he experienced. Mr M was unhappy with how long it took things to get resolved and so complained to Novuna.

Novuna responded to Mr M in June 2023 and upheld his complaint. They offered Mr M £350 as a gesture of goodwill in recognition of the issues he had. Novuna later offered Mr M the opportunity to reject the car and agreed to terminate the agreement, but explained that the initial offer of £350 would be withdrawn if the offer of rejection was accepted.

Unhappy with Novuna's response, Mr M referred his complaint to our service. During our involvement, Novuna confirmed that the agreement was due to end in March 2024, however, it was extended informally for one month, and the car was eventually handed back in April 2024.

An investigator explained that the opportunity for Mr M to reject the car was no longer applicable as the car had already been returned, and so went on to consider whether the first offer Novuna made of £350 was fair in the circumstances. He concluded that it was, as he said he would have directed Novuna to refund a proportion of the monthly rentals Mr M said he had the issue with the car, as well as direct Novuna to award some money for compensation. The investigator thought the amount Novuna should award was around £350 and so didn't uphold Mr M's complaint.

Mr M disagreed with the investigator's view. Among other things, he explained that he didn't accept the lane assist alarm sounding continuously and that he had no option but to drive the car with the alarm sounding as Novuna didn't resolve the issue for around 18 months.

As Mr M disagreed with the view, it was passed to me to decide. The investigator on behalf of myself, requested job sheets from Mr M of the various times he took the car in for repairs at the manufacturer's dealership. He had also previously requested these from Novuna.

I issued a provisional decision on 12 July 2024 where I explained why I intended to uphold Mr M's complaint. In that decision I said:

"Mr M complains about a car supplied to him under a hire agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr M's complaint about Novuna.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Novuna here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. So, it's important to note here that the car Mr M acquired was brand-new and I think a reasonable person would expect it to be in excellent condition, with no faults or issues. And I think they would expect trouble free motoring for a significant period.

Normally, what I would need to decide is whether the car was of satisfactory quality or not. And in order to do that, I would need to consider whether the car developed a fault.

It isn't in dispute here that the car developed a fault. And I don't think a reasonable person would expect the issues Mr M to have had, in particular to the lane assist system working intermittently and for a steering wheel replacement to be needed within a few years the car being used. So, I'm satisfied the car wasn't of satisfactory quality when it was supplied.

So, what I now need to consider is whether the offers Novuna made to Mr M were fair and reasonable to put things right, or if it needs to do anything further.

There are three remedies available to Mr M if a car is found to be of unsatisfactory quality under the CRA. One of those options would be a rejection of the car, and is one that Novuna offered Mr M. However, I'm aware the car has already been returned to Novuna as the agreement has ended. So, rejection of the car is no longer a viable option.

Another option for Mr M would have been a replacement of the car. But, for similar reasons, this also isn't a viable option as the car has already been returned to Novuna.

Another remedy Mr M would have had available to him under the CRA is repair. And, I can see that Mr M chose to have the car repaired as he waited for a software update to become available and later waited for a steering wheel replacement. Mr M confirmed that the fault he

had with the car had been resolved once the steering wheel was replaced. So, I'm satisfied Mr M's rights under the CRA have now broadly been met.

So, that leaves me with considering whether Novuna's other offer of £350 is fair and reasonable to put things right.

I've considered Mr M's usage over the time the car had a fault. Mr M has explained that the fault appeared intermittently and resulted in regular beeping and/or alerts whilst driving. And over time, the fault worsened. So, I think it's fair to say the car wasn't performing as it should and for the time in question Mr M's use of it was impaired.

But I'm also mindful that Mr M was still able to drive the car during this time.

Considering everything, I think a 10% refund of monthly repayments for the time when the fault with the lane assist system was present is fair and reasonable to reflect the impaired usage, up until when it was repaired.

Our service has requested job sheets from Mr M for the times he had taken the car in for repairs. This is to determine the number of months the car had a fault and how many months Novuna should reimburse Mr M a percentage of the rentals made. But, to date, those job sheets haven't been provided. Without evidence to the contrary, I think it is likely the fault did occur between the times Mr M said they occurred and both parties have until the deadline set in this provisional decision to provide their comments if they disagree.

I've also thought carefully about the distress and inconvenience Mr M has suffered as a result of this issue. Mr M had to wait some time for a software update, only for it to be unsuccessful in repairing the fault once installed. Mr M then had a further wait for the steering wheel to arrive to be replaced. I think it must have been frustrating for Mr M to have to deal with the issue the car had. The fault with the lane assist system meant that it was likely Mr M lost faith in the system working correctly. I can see how this would have been distressing for Mr M. Considering things here, I think Novuna should also pay Mr M £350 for the inconvenience caused."

I set out that I intended to uphold this complaint. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to the provisional decision

Mr M responded and said, among other things, that the level of compensation awarded should be higher. He believed it should be a lot more because without a higher level of consequence Novuna will continue to do the minimum to resolve faults.

Mr M also provided copies of emails between himself and the supplying dealership to show when repairs were scheduled to take place and updates about any repairs.

Novuna didn't respond to my provisional decision before the deadline I set.

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.

Having done so, I'm not persuaded to change my opinion from the provisional decision I made.

I appreciate the further comments Mr M has made and I mean no discourtesy to him to summarise them as brief as I had above. But, my role is not to act as a regulator, but rather to consider the facts of this specific complaint and award what I think is fair in the circumstances, if I think Novuna did something wrong. It is not in my remit to award higher compensation in line with what Mr M suggests and I don't think it would be fair to Novuna to do so regarding this specific complaint. So it follows that I am satisfied the distress and inconvenience amount I will direct Novuna to make is fair and reasonable.

Turning my attention now to the copies of emails Mr M has provided. The emails corroborate my findings from my provisional decision, in that issues began with the lane assist system in October 2021. So I'm satisfied with my findings that Novuna should reimburse 10% of repayments made towards the agreement from October 2021 to when it was repaired.

In summary, I think Novuna needs to do more in this instance to put things right. I'm satisfied the outcome reached is fair and reasonable given the circumstances.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Mitsubishi HC Capital UK Plc trading as Novuna Vehicle Solutions to put things right by doing the following:

- Reimburse Mr M 10% of repayments made towards the agreement from when the car had a fault with the lane assist system in October 2021 to when it was repaired in April 2023.*
- Pay Mr M £350 to reflect the distress and inconvenience caused.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Novuna considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If Novuna has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 August 2024.

Ronesh Amin
Ombudsman