

The complaint

Mr H complains Stellantis Financial Services UK Limited trading as Vauxhall Finance (Vauxhall) supplied him with a car that he believes wasn't of satisfactory quality at supply.

What happened

In March 2021, Mr H entered into a 48 month hire purchase agreement for a car. Its cash price was £21,998 and it was six months old. He paid a £2,000 deposit and the rest was financed by a loan with Vauxhall. He was required to pay monthly instalments of £269 with a final optional payment of £11,616 should he decide to keep the car.

According to Mr H, he returned the car to the supplying dealership in April 2023 following a software manufacturing recall. However he says when it was returned to him, the keyless entry function no longer worked and the software version installed was an older version. The car was returned to the dealership and Mr H was told the infotainment system needed to be replaced to fix the issue. However they were unable to provide a date as to when the relevant part would be delivered so a repair could be carried out.

In July 2023, faults were found with the airbag, seatbelt sensor and collision detection function. A repair was carried out under warranty. Later a fault was identified with the charging unit. Mr H complained about the above issues including the outstanding fault with the keyless entry. He asked to reject the car.

In August 2023, Vauxhall issued its final response. They said the airbag fault had been rectified. Regarding the keyless entry fault, they said Mr H had agreed to a repair and the dealership should be allowed time to do so however the timescales was beyond their control, it's the responsibility of the manufacturer. They suggested Mr H direct his queries to the manufacturer. They offered £200 compensation as a gesture of goodwill.

Unhappy with their response, Mr H referred the complaint to our service.

In October 2023, a repair was carried out to the charging unit. However in November 2023, the previous airbag fault returned and a further repair was carried out. Despite these further repairs, Mr H said the keyless entry fault remained and there was no further update as to when it would be fixed.

Our investigator reviewed the complaint and recommended it was upheld. Given the number of faults, she didn't believe the car was of satisfactory quality at supply and the keyless entry fault remained outstanding. She said Mr H should be allowed to reject the car and she recommended a number of things Vauxhall should do to put things right such as refund the deposit, pay compensation, etc.

Vauxhall disagreed. They said the majority of the faults were software related which was common in cars. They also said the dealership had confirmed all repairs had been completed including the keyless entry issue.

Mr H disputed it had been fixed. He said a repair was attempted around January 2024 but he was told the wrong part had been ordered so a new one would need to be made. Similar to before, the dealership was unable to give an estimated time as to when it could be repaired.

Since then, Mr H has reported additional faults to our service and to Vauxhall. He says there's a fault with the handbrake and intermittent faults with the climate control and infotainment system. He says he has lost faith in the car and still wants to reject it.

In July 2024, I issued a provisional decision upholding the complaint. I said:

Mr H acquired a car under a regulated credit agreement. Vauxhall were 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. The quality of goods includes other things like fitness for purpose, appearance, freedom from minor defects, safety and durability.

Mr H was supplied with a car that was around six months old and it had only travelled 40 miles. So I think it's fair to consider this as a new car meaning 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 the job cards, pictures, Mr H's testimony and the number of emails between Mr H, Vauxhall, the supplying dealership and the car manufacturer, it's clear there were faults with the car.

Job cards from around July 2023 confirm faults were found with the keyless function, airbag unit, seatbelt sensor, charging port and the collision detection function. I note at that time, Mr H had been in the possession of the car for less than two years and he had travelled around 20,000 miles.

I've already set out the expectations of a new car above so I won't repeat them again. I don't find a reasonable person would expect to experience so many issues for a car that is only a couple of years old and travelled around 20,000 miles. In my opinion, these components and functions of the car failed prematurely which could be an indication there was a fault present or developing at supply. I don't find the car was sufficiently durable therefore I can't say it was of satisfactory quality at the point of supply meaning there was a breach of contract.

Where this happens and it's outside the short term right to reject the car (30 days), the CRA allows for one opportunity for repair. I would expect this to be carried out at no cost to Mr H within a reasonable timeframe and without unnecessary inconvenience to him. In this case, repairs were carried out in July 2023 (the airbag, collision detection, seatbelt sensor). There were also further repairs in October 2023 (the charging unit) and in November 2023 (a second repair for the airbag).

Despite these repairs, the fault with the keyless entry function remained outstanding. I recognise the relevant part was on back order and there was no expected delivery time due to manufacturer and supply delays. It's fair to say these were external factors outside of Vauxhall's control so there was little they could do about it. However bearing in mind what I've said above that repairs should be carried out in a reasonable timeframe, I can also understand why this situation was causing Mr H concern, frustration and inconvenience due to the time it was taking to resolve.

Vauxhall has argued the dealership must be granted the opportunity to repair the keyless entry fault. However I must stress Vauxhall doesn't get the chance to repair each different fault, it's simply one chance to repair the car. In this case, there have been more than one opportunity of repair for the car's faults.

There is conflicting information as to whether the keyless entry fault has been fixed. Vauxhall has provided a job card from the dealership which they say confirms it has been resolved. However I agree with the investigator that there is no mention of the keyless entry fault being fixed from this evidence. On the other hand, Mr H says a repair was attempted but he was told the wrong part was requested so another part had to be ordered.

The investigator asked Vauxhall for further evidence to support the keyless entry fault had been fixed however no further evidence was provided. Meanwhile Mr H provided detailed testimony about his conversations with the dealership about the repair and why it couldn't be carried out. He's also provided date stamped photos of the car at the dealership (which I note is dated after the alleged repair). If the fault had been fixed as the dealership alleged, I wouldn't expect the car to have remained at their premises. Moreover, I can see there's an email from Vauxhall to our service (after the alleged repair) which says "The manufacturer don't give timescales for the part. I still don't think this warrants rejection of the vehicle. I understand there is some inconvenience for the function not working".

I haven't seen strong or compelling evidence for me to reasonably conclude it was repaired. On balance, I believe it's more likely than not the keyless entry fault hasn't been fixed meaning the car isn't fault free.

I'm aware since the investigator's outcome, Mr H has raised a number of further issues with the car including a faulty handbrake and intermittent faults with the climate control and infotainment system. He has provided videos and pictures of the same. It's disappointing to hear he has tried to raise it with Vauxhall but because the complaint is at our service, they told him they won't look into it further. Given this complaint is about the overall quality of the car, I consider it fair for me to take these new issues into account.

Having reviewed the videos and pictures, it appears there are issues with these parts but I haven't been provided with a mechanical diagnosis so I can't say definitively what the issue is. However I don't find it's necessary to request further evidence about this or provide any further comment. I say this because I've already determined the car wasn't of satisfactory quality at supply and despite there being an opportunity of repair, the car isn't fault free. The keyless entry issue was raised in April 2023 and several months later it remains outstanding without any indication as to when a repair would be carried out.

The CRA says if a car is not of satisfactory quality, there's been an opportunity of repair however there is still a problem or the repair has failed, rejection should be allowed which is what I think should happen in this case. There's been more than one opportunity for the faults to be fixed but the keyless entry issue is yet to be remedied. Mr H says he has lost faith in the car and given the circumstances I can understand why.

When thinking about the overall timeline of events including the number of faults, the numerous repairs (including a failed airbag repair) and a fault still remaining, I believe Mr H should be allowed to exercise his final right of rejection.

Putting things right

To put things right, I intend to say Vauxhall should allow Mr H to reject the car and end the agreement. The car should be collected, the £2,000 deposit refunded and any adverse information about this agreement should be removed from his credit file.

Although there were faults, it's clear Mr H has had use of the car therefore it's fair he pays to reflect that so I don't intend to say Vauxhall should refund all the monthly payments paid. However I recognise there were a number of days where Mr H was left without the use of this car or a courtesy car, he says it was around 12 days. For this, Vauxhall should refund 50% of one monthly instalment to reflect the loss of use of the car.

Mr H also says due to the ongoing faults, the difficulty in acquiring a courtesy car and the need for a vehicle for work, he felt he had no alternative but to be insured on his relative's cars so he could use it. He has provided evidence of the insurance document. I can see he was added as a named driver for a relative's car at a cost of £72.38 in June 2023 for six months. I believe this amount should be refunded to him as it's a cost incurred as result of being supplied with the faulty car.

Mr H says due to the ongoing issues, the worry that further faults would develop and the impact it was having on his work, he bought another car in May 2024. As a result, he says he's had to pay insurance on two cars and wants to be compensated for the same. He has provided insurance documents for the second car and I can see the policy commenced on 31 May 2024. So I believe it's fair to say he stopped driving the car subject to this agreement on that day. Therefore any contractual payments met from June 2024 should be refunded as he stopped using the car.

While it's Mr H's responsibility to insure the car as per the terms of the agreement, I don't believe it's reasonable for him to cover the insurance cost of two cars when he stopped driving this one to acquire another. For the car subject to this agreement, if Mr H has incurred any insurance costs from 31 May 2024 up to when the policy ended, it should be refunded upon proof of evidence. I don't intend to award any costs for the purchase of the second car especially as I'm saying Vauxhall should refund the contractual payments when he stopped driving the car.

Lastly, I've thought about the impact of this situation on Mr H. He's had multiple trips to the dealership meaning he's had to take time off work, had to arrange alternative use of a car, the extent of his communication with Vauxhall to resolve the issue, the worry of not knowing whether the car would perform as it should, the impact on his mental health and general social life, etc. When taking this all into consideration, I agree with the investigator that Vauxhall should pay a total of £400 compensation to Mr H for the trouble and upset caused (that is a £200 increase to what was previously offered).

Summary

Taking everything into account, I'm not persuaded the car was of satisfactory quality at supply due to the faults including the airbag, keyless entry, seatbelt sensor, charging port. To put things right, Mr H should be able to reject the car and be compensated by Vauxhall as outlined".

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.

Vauxhall had no further comments to add. Mr H accepted the findings. Concerning the car's insurance costs, he said it's still in place. He's provided evidence to show he bought a 12-month policy which commenced in November 2023. He paid it as an upfront lump sum - £792. I remain of the opinion Vauxhall should refund the insurance costs from 31 May 2024 (when he stopped driving the car) up to when the policy is cancelled and the agreement ends. This should be calculated on a pro-rata basis.

On the basis I haven't been provided with any further information to change my decision I still consider my provisional findings to be fair and reasonable in the circumstances.

My final decision

For the reasons set out above, I've decided to uphold Mr H's complaint.

To put things right, Stellantis Financial Services UK Limited trading as Vauxhall Finance must:

- End the agreement with nothing further for Mr H to pay;
- Collect the car at no cost to Mr H;
- Refund the cash deposit of £2,000*;
- Refund 50% of one month's contractual payment to reflect the loss of use of the car;
- Refund any contractual payments paid from June 2024 onwards*;
- Refund the £72.38 insurance cost;*;
- Refund the insurance costs incurred for this car from 31 May 2024 up to when the policy is cancelled and the agreement ends (upon proof of evidence)*;
- Pay 8% simple interest on the above refunds from the date of payment to the date of settlement*;
- Remove any adverse information about this agreement from Mr H's credit file;
- Pay £400 compensation to Mr H for the trouble and upset caused.

*If Stellantis Financial Services UK Limited trading as Vauxhall Finance considers tax should be deducted from the interest part of my award it should provide Mr H with a certificate showing how much it has taken off, so Mr H can reclaim that amount if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 September 2024.

Simona Reese
Ombudsman