

The complaint

Mr B is unhappy that a car supplied to him under a hire purchase agreement with Stellantis Financial Services UK Limited (Vauxhall), (SFS), was of an unsatisfactory quality.

What happened

On 27 February 2024, Mr B was supplied with a used car (purchased via a third party dealership) through a hire purchase agreement with SFS. The finance agreement was for the total price of the car, £4,975, and was for a period of 26 months. At the time of supply, the car was around ten years old, and had done 110,053 miles.

Shortly after receiving the car, Mr B noticed issues with the car, including turbo lag, the car pulling to the left, the wing mirror not pulling in, and problems with the gear box. He also noticed the SBCS inspection required warning light came on. He returned the car to the dealership who had supplied it, who said on 4 March 2024 they could not find evidence of the faults except the wing mirror issue.

On 9 March Mr B was involved in a minor accident, resulting in the bumper needing to be replaced – he did this himself on 15 March 2024.

In early April 2024, the car “seized” and stopped working. A breakdown report was obtained from an independent mechanic who confirmed that there was metal in the oil in the camshaft, and concluded that this was the most likely cause of the breakdown. They recommended that a replacement engine was needed.

The car was returned to the dealership on 12 April 2024, with a video created on 19 April showing the condition of the car when it was received. I understand that Mr B has not had use of the vehicle (or any courtesy car) since this time.

On 8 May, Mr B’s complaint was referred from the finance broker (to whom he had originally complained) to SFS. This referral explained that Mr B had requested an unwind of the finance agreement, following him having first complained on 27 February 2024 about the car losing power. The referral also confirmed that the vehicle had been returned to the dealership, but had in the interim been in an accident. The broker confirmed that they had advised Mr B that they could not accept an unwind request without the car being repaired to “the proper standard” but Mr B had confirmed he would not collect the vehicle. Following this referral, SFS did not provide a final response to Mr B’s complaint, but after eight weeks provided him with the right to refer his complaint to this service. He did this, and an investigation into the complaint was carried out.

The investigator’s view in August 2024 states that he was persuaded that the faults with the car had been present at the time that the car was purchased and that the car was not of a satisfactory quality. The view recommended that Mr B should be allowed to return the vehicle and end the agreement with nothing further to pay. It stated that Mr B should receive a refund of the payments made during the time he did not have use of the vehicle (with interest) and should receive a payment of £200 in respect of the distress and inconvenience caused by the faulty goods. Mr B accepted this outcome, however SFS responded to

request that they carry out an investigation to identify when the issues were likely to have arisen. They were allowed time to do this however as this has not been done and SFS have not made contact with Mr B to arrange the investigation, the complaint has been referred to me for a final 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr B was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, SFS are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless SFS can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr B to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr B took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask SFS to put this right.

The car Mr B bought was around ten years old when he bought it, and he experienced issues with the car in the days after taking ownership and reported these to the dealership immediately. It is reasonable to accept that a ten year old car would be likely to experience issues or need work done to it sooner than if it were a newer vehicle. Nonetheless, I would not expect that Mr B would experience issues with the car as soon as he states that he did.

It is not in any doubt that the car was faulty at the time it broke down and was returned to the dealership on 12 April 2024. It is for me to ascertain whether it is reasonable to conclude that the faults existed at the time Mr B received the car at the end of February 2024, meaning that the car was of an unsatisfactory quality. This has been complicated by the fact that the car was involved in an accident in March 2024. I have considered whether the faults that caused the car to breakdown totally could have been caused by the accident or collision. I am not persuaded that they were. The video provided when the car was returned to the dealership shows that the bumper has been replaced, but does not show any further, or more significant damage, indicating that the accident was unlikely to have been severe.

The mechanic's report (which although undated must have been produced between the bumper being replaced on 15 March and prior to the car being returned to the dealership on 12 April 2024) states;

"The vehicle was a will not start inspection. We have found the vehicle has a low oil pressure fault code(p0524) which relates engine oil pressure. When we took the engine oil cap off we found a lot of metal in the oil on the camshaft. The engine will not turn over by hand or starter as it is sized this will probably be cause by the state of the oil. I would suggest the oil has blocked the pump up and has cause oil starvation. Due to the oil not being circular around the engine it got hot and sized. The engine will need to be pulled apart to found out the exact state of the oil pump. But a full engine rebuild will need to be undertaken. but due to the engine being sized I would recommend a replacement engine."

Due to the nature of the stated cause of the breakdown alongside the video of the car, I am satisfied that the collision was unlikely to have been a cause of the metal in the oil which has caused the engine to fail. I therefore conclude that it was more likely than not that the faults existed at the time the vehicle was provided to Mr B and uphold his complaint.

Putting things right

The car has been off the road and undrivable since 12 April 2024 at the latest. During this period, Mr B wasn't supplied with a courtesy car. As such, he was paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as SFS failed to keep Mr B mobile; I'm satisfied they should refund the payments he made during this period.

It's clear that the issues caused by Mr B being provided with a faulty vehicle have resulted in a high level of distress and inconvenience to him. The investigator had recommended SFS pay him £200, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, SFS should:

- end the agreement with nothing more to pay;
- refund the payments from 12 April 2024 to date
- apply 8% simple yearly interest on the refunds, calculated from the date Mr B made the payment to the date of the refund[†]; and
- pay Mr B an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]If HM Revenue & Customs requires SFS to take off tax from this interest, SFS must give Mr B a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr B's complaint about Stellantis Financial Services UK Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 May 2025.

Joanne Molloy
Ombudsman

