

The complaint

Mr P complains Stellantis Financial Services UK Limited formerly known as Vauxhall Finance (Vauxhall) supplied him with a van that he believes wasn't of satisfactory quality.

What happened

In December 2022, Mr P entered into a 60 month conditional sale agreement for a used van. Its cash price was £13,000, it was around five years old and it had covered around 64,100 miles. Mr P paid a £1,300 deposit and the rest was financed by a loan with Vauxhall. The monthly instalments were £282.

In March 2023, the van broke down and had to be covered to a third party garage who I will refer to as T. Mr P had covered around 7,600 miles at that point. T identified the timing belt had either snapped or had teeth missing which caused the engine to fail and it needed to be replaced. Mr P complained to Vauxhall and said the warranty policy would only cover £500 of the costly repair. However the dealership denies warranty was sold.

In June 2023, an independent inspection was carried out. It said the timing belt had evidence of deterioration - either it had broken or the teeth have stripped but further inspection was required. However given the significant mileage covered since purchase, the report said the fault wouldn't have been present at the point of supply.

Based on these findings, Vauxhall didn't uphold the complaint. They said they couldn't comment on the warranty and Mr P would have to contact the providers directly. However they did offer £150 compensation as a gesture of goodwill for the inconvenience caused.

In the meantime, the van remained at T and had incurred storage costs in excess of £3,700 (held for over 25 weeks). Vauxhall sent a default notice to Mr P in September 2023, stating he was in breach of the agreement because he had disposed of the van and it was no longer under his possession and control. It said he needed to pay £14,986 before 12 October 2023 otherwise further action would be taken such as terminating the agreement.

Unable to drive the van, Mr P didn't collect it, he didn't respond to T's attempts of communication and Vauxhall said it was uneconomical for them to collect the van. Meaning the default notice wasn't satisfied and the agreement was terminated. Later, T agreed to purchase the van from Vauxhall for £900. This amount was put towards the outstanding balance, meaning Mr P had £13,834 left to pay to Vauxhall.

Unhappy with their response, the complaint was referred to our service. Our investigator initially didn't uphold the complaint based on the conclusion of the inspection report. However in response, Mr P provided evidence of the van's service history and evidence the timing belt had been replaced in October 2022.

In light of this further evidence, the investigator upheld the complaint. She concluded the timing belt was replaced less than six months prior to purchase and the van had only covered around 7,600 miles prior to failure. She said the timing belt should've been sufficiently durable and lasted longer than it did based on the manufacturer guidelines. She

recommended Mr P should be allowed to reject the van and Vauxhall should do a number of things to put things right including refunding the deposit, refunding some of the monthly instalments, paying compensation, etc.

Vauxhall didn't respond to the investigator's second opinion.

In September 2024, I sent a provisional decision outlining my intentions to uphold the complaint. I said:

As an agreement couldn't be reached, the complaint has been referred to me to decide.

"In this case, Mr P acquired a van that was around five years old and had travelled over 64,100 miles. As this was a used van with considerable mileage and age, it's reasonable to expect parts may already have suffered substantial wear and tear when compared to a new van or one that is less travelled. Meaning there's a greater risk this van might need repair and/or maintenance sooner than a van which wasn't as road-worn.

Based on the evidence presented to me including the comments from T about the breakdown of the van and the findings of inspection report, it's clear there is a fault with the van, namely the timing belt. That doesn't appear to be in dispute. What I need to determine is whether that fault meant the van wasn't of satisfactory quality at supply. Having carefully thought about the same, I don't believe the van was.

I say this because Mr P has provided evidence of the van's service record. Although there is a discrepancy with the mileage, the vehicle identification number (VIN) matches the one shown on the agreement so I'm satisfied it's for this van in question. The service record suggests the van was looked at in accordance to a notice issued by the manufacturer titled "Timing belt inspection – Service Program". It details that some vehicles of this model may be affected by premature wear/delamination of the timing belt and it could suffer a failure before the recommended service interval. It goes on to explain the vehicle would need to be checked and if the timing belt is deemed to have a reduced service life, it would be replaced free of charge and the repair would take around a day.

Based on the van's service record, it was looked at in relation to this timing belt inspection in October 2022 and there was a record of five hours of labour. In light of the same, I agree with the investigator that on balance, it's more likely than not the van's timing belt was changed in October 2022 which was only a few months before Mr P purchased the van. I don't believe a reasonable person would expect this fault to occur so soon after such a repair had been carried out especially as it was well within the service interval and hadn't covered significant mileage for its expected life span. I would've expected the timing belt to have lasted a lot longer than it did. For this reason, I can't agree the van was sufficiently durable at the point of supply so I don't find it was of satisfactory quality meaning there was a breach of contract.

Where this happens and it's outside of the short term right of rejection (30 days), the CRA allows for one opportunity for repair and I would expect that to be carried out at no cost to the consumer. So I'm minded to say that is what needs to happen to resolve this complaint. However in this case, I'm aware the agreement has been terminated following a default notice and the van sold to T so no such repair can be performed. Instead, I find it's fair for Vauxhall to treat this as rejection.

Putting things right

As the agreement has already been terminated, I don't need to say it needs to come to an end but it should instead be recorded as rejection rather than a termination so internal and

external records should be updated to reflect that. Vauxhall should remove the outstanding balance owed by Mr P and refund the deposit he paid. They should also remove any adverse information about this agreement from Mr P's credit file.

Mr P was able to use the van up to the point it broke down on 3 March 2023 so it's fair he pays to reflect that use so I won't be saying those monthly instalments paid up to that point should be refunded. However as he wasn't able to use the van from 4 March 2023 onwards, any instalments he paid from that point onwards should be refunded to him.

I note Mr P's comments that he had a number of tools in the van that weren't returned to him which he wishes to be compensated for. While I don't dispute this, I don't have any evidence of the same or the costs. I also need to take into consideration that it was made clear to Mr P that he needed to take action following the default notice otherwise the van would be taken away. I believe it would've been reasonable for him to have collected his tools before that happened but there is no indication he did.

I've also thought about the likely impact of this situation on Mr P, I'm sorry to hear the van didn't perform as expected. He said he had to buy another van, he had to raise a complaint, he was served a default notice and the overall worry about the situation. Vauxhall has already agreed to pay £150 as a gesture of goodwill but I believe they should pay an additional £150 compensation for the trouble and upset caused. Meaning a total of £300 compensation should be paid to Mr P".

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.

Neither party provided any further comments to the provisional decision. 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 P's complaint.

To put things right, Stellantis Financial Services UK Limited formerly known as Vauxhall Finance should:

- Update internal and external records to show this agreement ended as a rejection rather than a termination;
- Remove any outstanding balance owed by Mr P;
- Refund the deposit (£1,300);
- Refund any monthly instalments paid from 4 March 2023 onwards;
- For all the above refunds, pay 8% simple interest per annum from the date of payment up to the date of settlement*.
- Remove any adverse information about this agreement from Mr P's credit file;
- Pay a total of £300 compensation to Mr P for the trouble and upset caused.

*If Stellantis Financial Services considers tax should be deducted from the interest part of my award it should provide Mr P with a certificate showing how much it has taken off, so Mr P 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 P to accept or reject my decision before 17 October 2024.

Simona Reese
Ombudsman