

The complaint

Mrs H is unhappy with the way Volkswagen Financial Services (UK) Limited trading as Audi Financial Services compensated her after she acquired a faulty vehicle through a hire purchase agreement.

What happened

Mrs H obtained a brand new car from Volkswagen on 25 February 2021 for £40,765.

Mrs H says that her original car with Volkswagen was replaced two weeks after she got it.

Volkswagen has said her car was never replaced. The registration plate on the original hire purchase agreement is the same as the registration plate on Mrs H's current car.

Two weeks after purchasing her current car, Mrs H has explained that the oil light kept flashing. She said she was informed by the dealership that she should keep topping the oil up – which she says she had to do monthly. She's explained the dealership told her that it was just a software issue, and they would check oil levels at the next service.

No faults were found on the service but there was an oil inspection with an oil change on 16 November 2022. Another oil inspection took place on 22 November 2022.

On 17 February 2023 the car was taken into the dealership again because the oil light kept coming on and the satellite navigation system wasn't working. The satellite navigation system was fixed, and the expansion tank was replaced at this time.

The dealership inspected the car again on 11 May 2023 and found that there was high oil consumption which required a replacement engine. This was then replaced under the warranty on 28 June 2023. Mrs H has confirmed that the engine replacement seems to be working and the car is operating properly now.

Volkswagen has said Mrs H was given a courtesy car each time her car was at the dealership apart from two days when one wasn't available.

Unhappy with what had happened, Mrs H complained to both the dealership and Volkswagen. On 20 November 2023 Volkswagen wrote to Mrs H and offered her either a gesture of goodwill payment of £750 or a payment of £500 and her next service free of charge.

Mrs H didn't feel that this was enough to put things right, so she brought her complaint to us. An investigator looked into what had happened and felt that Volkswagen had done enough by replacing the engine and offering £750 compensation.

Mrs H disagreed. She explained that she spent a significant amount of money having to top up the oil in her car more frequently than she should and this hasn't been addressed. She also says she has lost trust in this model of car and would like to reject it, or for the remainder due under her agreement to be waived.

The case was passed to me to review.

I sent Mrs H and Volkswagen my provisional decision on this case, on 13 September 2024. I explained why I think the complaint should be upheld. A copy of my provisional findings is included below:

Mrs H acquired her car using a hire purchase agreement and so The Consumer Rights Act 2015 (CRA) 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 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 but within six months, then the supplier must be given an opportunity to repair or replace the goods.

Mrs H has said she began reporting issues with her car's oil consumption to the dealership two weeks after receiving it. I asked her to provide evidence of this, but she said she couldn't because she reported it over the phone.

I've instead looked at the vehicle repair history. I can see the dealership first checked the car's oil levels on 16 November 2022. And Mrs H has been consistent in saying that this was a problem which occurred throughout the time she had the car. I've noted that the fault with the engine was eventually identified because the car had high oil consumption.

Taking all of this into account, and without any further evidence from Mrs H, I'm persuaded that the fault began to present itself on 16 November 2022. I say this because this is the first record of the oil level being checked, and I think it most likely happened after the faults were reported by Mrs H. This was over a year and a half from when Mrs H originally took ownership of the car.

The engine was replaced in June 2023 and the car had a mileage of 22,590. Given the car was two years old, I don't think the mileage shows it had been driven excessively. Volkswagen has also said that they wouldn't expect an engine to be replaced so soon on a brand new car. Taking all of this into account, on balance, I'm not persuaded a reasonable person would say the car was of satisfactory quality.

For issues occurring after the first 30 days like in this case, the CRA allows for a repair to be carried out in the first instance. Mrs H has confirmed that the car seems to be operating properly since the engine has been replaced. So, I think Volkswagen obligations under the CRA have been fulfilled with the successful engine replacement.

However, I'm aware that the car likely had issues with oil consumption from at least November 2022. So, I don't think the £750 of distress and inconvenience offered by Volkswagen accounts for all the problems Mrs H has had.

I can see that Mrs H reported problems with the oil consumption multiple times to the dealership. She also had to deal with the car breaking down on numerous occasions. On one of these occasions, she missed an important meeting. She has explained that she is a midwife so needed a reliable car. It must have been distressing to find that she had been ignored and that there was a problem with the engine. It also would have been frustrating and caused a financial strain to top up her oil more than she needed. I don't know how much extra Mrs H spent topping up the oil in her car more regularly than she needed to. But I'm persuaded that because the oil consumption was a reason the engine needed to be

replaced, she was having to fill it up much more than she otherwise would have. And because of this, I think Mrs H would have spent significantly more on oil compared to if the engine had been working as it should.

So, I think Volkswagen should pay Mrs H an additional £300 in addition to the £750 they have already offered as a fair way to make up for all the distress and inconvenience Mrs H has experienced.

Volkswagen accepted my provisional decision.

Mrs H responded to say:

- That her current car was replaced because the first one she was supplied was also faulty. She explained that this shows the model of car is defective.
- She also said she thinks the engine replacement has hidden any factory defects.
- Mrs H has explained that she hasn't received any confirmation that a new engine was put in her car. So, she feels the engine wasn't replaced and that the old one was repaired and then put back in.
- Overall, she says she has lost faith in the car as the warning lights are appearing again.

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.

I've noted Mrs H's comments but from the evidence I have, I can't see anything which suggests that her car's engine wasn't replaced. I say this because I'm persuaded by the evidence provided by Volkswagen which shows that the engine was replaced, and the car was working properly.

I also haven't seen anything to suggest that there are underlying issues with this model of car, in general.

I note that Mrs H has said warning lights are appearing again, but this is something she will need to approach Volkswagen about to investigate further.

And so, in the absence of any further evidence, I see no reason to depart from the conclusions in my provisional decision.

Putting things right

For these reasons, Volkswagen Financial Services (UK) Limited trading as Audi Financial Services should pay Mrs H an additional £300 in addition to the £750 they have already offered.

My final decision

My final decision is that I uphold this complaint and require Volkswagen Financial Services (UK) Limited trading as Audi Financial Services to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 28 October 2024.

Ami Bains
Ombudsman