

The complaint

Ms G is the executor for the estate of the late Mr H. She is being represented by Miss H, who has complained that Stellantis Financial Services UK Limited trading as PSA Finance UK ("PSA") supplied the late Mr H with a car that wasn't of satisfactory quality.

What happened

In June 2022, Mr H acquired a brand-new car using a hire purchase agreement with PSA. The cash price recorded on the agreement was £33,499.42, an advance payment of £1,326.20 was paid, the duration of the agreement was 48 months, which required Mr H to make 47 regular, monthly repayments of £519.80, followed by a final payment of £14,017. The annual permitted mileage set in the agreement was 8,000 miles.

In June 2023, the car malfunctioned which resulted in a third-party recovery company needing to be contacted. The car was recovered to a third-party garage, where it was attempted to be repaired. It remained there from 17 June 2023 up until 18 September 2023 (around three months).

In June 2023, Mr H complained to PSA. Mr H was unhappy he was paying for a car he could not use and that despite several attempts at repair, the car remained undriveable. Mr H was also unhappy with the courtesy car he was given.

The car was then transported to the supplying dealership to be inspected.

PSA responded to Mr H in September 2023 where they explained they wouldn't allow him to reject the car. In summary, they said there was no evidence that the issues Mr H brought to their attention were present at the point of supply. They went on to say that they understood the supplying dealership was now repairing faults found under the warranty. They also said that the mileage was confirmed as 10,786 by the supplying dealership, so they believe it met Mr H's contractual requirements, considering the mileage allowance recorded on the agreement. Nonetheless, PSA offered to make a payment, equivalent of Mr H's two monthly instalments, totalling £1,050.88.

While Mr H accepted the payment offered, he expressed he was unhappy with the outcome on several occasions and that he still wanted to reject the car.

Mr H sadly passed away in January 2024. Ms G was appointed executor for the late Mr H's estate. In January 2024, Ms G's representative, Miss H, referred the complaint to our service.

Miss H said that the car was still at the supplying dealership, around eight months later, and no update had been given regarding the repairs to the car. During that time, Miss H said they were given several courtesy cars to be kept mobile. She said three of them broke down.

Miss H explained that Mr H passed away with the burden of an unresolved dispute with PSA, and that he was frustrated with the lack of communication and poor customer service

provided by them. Among other things, Miss H explained they would like to reject the car and for monthly payments to be reimbursed, alongside an apology to Ms G.

PSA supplied our service a copy of the car's collection receipt for when they recovered the car from the supplying dealership. The mileage on the collection receipt was recorded as 6,709 and it was dated 18 March 2024.

Our investigator requested some further information from PSA regarding their contact with the late Mr H, but they didn't receive a response. So, they proceeded with issuing their view.

The investigator upheld the complaint. In summary, they said the car likely had a fault, and that given the age of the car, they wouldn't have expected it to fail when it had. They also said that they believed PSA should have allowed the late Mr H to reject the car in September 2023, given the car had attempted to be repaired for around three months at that point. The investigator didn't think a refund of monthly repayments should be made as courtesy cars were provided which allowed the late Mr H and other beneficiaries to remain mobile while the car acquired was in for repairs. Among other things, the investigator directed PSA to refund the advance payment made towards the agreement.

PSA responded and explained they were informed by Miss H that the late Mr H didn't leave an estate. So, they said that any debt or arrears that had accrued on the account had been considered unrecoverable and they did not seek payment of the balance due. PSA went on to say that as there is no estate or Executor, they have no contractual relationship with Miss H or Ms G and so are under no obligation to provide any redress to them or the estate of the late Mr H.

Our investigator explained to PSA that they had sight of a copy of the late Mr H's Will which confirmed Ms G as the Executor of the Will, as well as confirmation that the late Mr H left a "small estate" which negated the need for a Grant of Probate. As such, they were satisfied that Ms G had the right to bring the complaint to our service.

PSA explained that there had been some misunderstanding as they were under the impression there was no estate in this instance, so they marked the outstanding balance due on the account as unrecoverable. The account was terminated by PSA in March 2024. PSA also queried whether any redress they might be told to pay the estate, could be deducted from the outstanding balance owed.

The investigator issued an updated view. In summary they still upheld the complaint, and among other things, directed PSA to refund the advance payment made towards the agreement, as well as refund any monthly payments made towards the agreement after 21 November 2023. The investigator explained their reasoning along similar lines to previously as to why they thought the acquired car should be rejected, but they thought PSA should actually have allowed rejection in November 2023, rather than September 2023. As they thought PSA should have allowed rejection, the investigator explained there shouldn't be an outstanding balance on the account as the agreement should have ended in November 2023.

PSA didn't respond to the investigator's view. As PSA didn't respond, the complaint was passed to me to decide.

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 upholding this complaint and I'll explain why below.

First of all, I would like to express my condolences to both Miss H and Ms G on the passing of the late Mr H. I do appreciate that dealing with this issue must have been difficult and I want to reassure them I have taken this into consideration when reaching my decision.

To explain, if there's something I've not mentioned in my decision, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

This complaint is about a hire purchase agreement in the late Mr H's name taken out with PSA which is a regulated financial product. As such, we are able to consider complaints about it.

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 – PSA 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. It's important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note here that the car the late Mr H 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 there would be an expectation of trouble-free motoring for a significant period.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

It's worth noting that information is limited on this complaint. Our service has requested job sheets or diagnostic reports relating to the acquired car from PSA, but they say they do not hold copies of them.

From what both parties have told our service, the car broke down in June 2023, and it was then taken to a third-party garage, where it remained for around three months. During that time, repairs were attempted, but it appears that the car needed to be taken back to the supplying dealership and the car investigated by a technical team of the manufacturer. The car then remained with the supplying dealership from September 2023 to March 2024.

Considering the parties both accept the car had broken down, and the car was being investigated for around nine months and not in the possession of the late Mr H or his estate, I'm satisfied there likely was a fault with the car. The car was clearly not working as expected, and there was a need to understand why and repair this.

Was the car of satisfactory quality?

Given the car was brand-new when it was supplied to the late Mr H, I'm satisfied the car wasn't durable. I appreciate there is some discrepancy with the mileage of the car. PSA say in their final response that the car had been driven for around 10,800 miles. But the collection receipt PSA supplied six months after their final response says the car was driven

around 6,700 miles. But, in any event, I wouldn't expect there to be the need of a repair to a car, which has taken around nine months to diagnose and investigate so early in the car's lifetime – whether that be at around 6,700 miles or around 10,800 miles. And so, I'm satisfied a reasonable person would not consider it to have been of satisfactory quality when it was supplied to the late Mr H.

Remedies under the CRA

I've gone on to think carefully about the remedies available under the CRA. I've also thought carefully about the time that has elapsed and the opportunity PSA were given to repair the fault with the car.

In addition, section 24(5) of the CRA says:

“A consumer who has... the final right to reject... may only do so in one of these situations...

(c) the consumer has required the trader to repair... the goods, but the trader is in breach of the requirement of section 23(2)(a) to do so within a reasonable time and without significant inconvenience to the consumer.”

Miss H has explained that the late Mr H waited several months for the fault with the car to be resolved, during which he didn't have use of it.

The car was taken to the supplying dealership to be diagnosed and repaired by the supplying dealership in September 2023, around three months after the car initially broke down.

While correspondence hasn't been provided by either party to this complaint, I have noted that Miss H has supplied our service with a detailed timeline of events. Within that timeline, Miss H explained that numerous conversations took place with the supplying dealership and they weren't helpful and kept saying there were no updates with the car and that it remained inoperable or fixed.

I appreciate the CRA doesn't define or explain “...*reasonable time and without significant inconvenience to the consumer.*” And what is also unhelpful here is that it isn't clear the nature of the fault with the car or the inconvenience the fault the car had on the late Mr H. However, I am mindful that courtesy cars were provided, which would have lessened the inconvenience caused somewhat.

Miss H explains that the late Mr H attempted to reject the car again on 21 November 2023.

Considering the above, I'm satisfied PSA have not completed any repairs within a reasonable time, nor without significant inconvenience to the late Mr H. So I think it is fair and reasonable for it to be allowed for the car to be rejected and I'm satisfied this should have happened from 21 November 2023. I say this because, I think giving the supplying dealership around two months to investigate the fault themselves and attempt a repair under warranty was a reasonable amount of time in these circumstances.

Loss of use

While I accept the car was undriveable for several months, I have noted that courtesy cars were supplied. So, I don't think it would be fair for monthly payments from June 2023, when the fault initially occurred, to be reimbursed by PSA.

However, considering I think PSA should have allowed the late Mr H to reject the car from 21 November 2023, I'm satisfied that monthly repayments from this date onwards should be reimbursed. If payments had stopped towards the agreement after 21 November 2023, PSA only need to reimburse payments made and should not hold the estate of the late Mr H liable for any arrears nor associated charges.

PSA has explained how they misunderstood comments made by Miss H. As a result, PSA say they believed the late Mr H didn't leave an estate, and as such terminated the agreement in March 2024, believing any outstanding balance owed on the agreement was unrecoverable. PSA went on to query whether any redress paid could be offset from the outstanding balance owed.

I am unsure as to why PSA believe there to be an outstanding balance on the account. Our investigator's findings concluded that he believed the car should have been rejected. So it follows in this instance that the agreement should end with nothing further to pay from 21 November 2023. And so, there would be no outstanding balance to recover. While I can't be sure, it seems from their own comments that PSA has incorrectly terminated the agreement.

Distress and inconvenience

Miss H has explained the impact this complaint had on the late Mr H. She's explained calls the late Mr H held with PSA while he was unwell and how she felt he was left frustrated with the lack of communication and poor customer service provided by PSA.

Our service can't normally compensate an Executor of an estate for any impact incurred by them personally. But in this instance, it is clear the late Mr H was impacted directly by PSA's mistake.

PSA already paid the late Mr H £1,050.88 when he complained to them in June 2023. I think this is fair given the circumstances and I don't think PSA needs to do any more in relation to the distress and inconvenience caused.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Stellantis Financial Services UK Limited trading as PSA Finance UK to put things right by doing the following:

- Refund the late Mr H's advance payment of £1,326 to his estate. If any part of this payment was made up of funds through a dealer or manufacturer contribution, PSA is entitled to retain that amount. *
- Refund to the late Mr H's estate any monthly payments made towards the agreement after 21 November 2023. *

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

If PSA 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 the estate of Mr H to accept or reject my decision before 11 March 2025.

Ronesh Amin
Ombudsman