

The complaint

Mr H has complained about the quality of a car provided on finance by Stellantis Financial Services UK Limited.

What happened

Stellantis supplied Mr H with a new car on a hire purchase agreement in November 2020. The cash price of the car was around £24,000. The hire purchase agreement required payments of around £370 for 48 months. Mr H paid a deposit of £5,000. In February 2022 Stellantis modified the agreement so that he had to pay 32 payments of around £350, followed by a final payment of around £9,200.

The car broke down in February 2024 and had to be recovered to a main dealer as the supplying dealer didn't have any availability. Mr H complained to Stellantis in March 2024 indicating that he wanted to reject the car. He followed this up with a further letter in May 2024 explaining that as repairs hadn't been completed in a reasonable amount of time, he wanted to reject the car.

Mr H referred his complaint to our service because Stellantis told him its time to consider the complaint had ended. An investigator here looked at the complaint, she said that the car wasn't of satisfactory quality. She said that Stellantis already had an opportunity to repair the car but hadn't done so in a reasonable amount of time and without significant inconvenience, so Mr H was entitled to reject it.

Mr H agreed with our investigator, but Stellantis disagreed. It said that the report was inconclusive, and it hadn't been provided evidence that Mr H had maintained the car in line with the manufacturer recommendations.

The complaint was passed to me to make a decision. I wrote to Stellantis with the evidence of the full service history. I also set out that Mr H hadn't been kept mobile while the car wasn't working. I asked it to confirm its stance remained the same but didn't get a response.

I issued a provisional decision which said:

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Stellantis is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is of particular relevance 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".

The CRA says the quality of goods are satisfactory if they 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 might include things like the age and mileage at the time of supply

and the car's history.

The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, and safety.

Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long will also depend on a number of factors.

The car was new when supplied and the cash price was around £24,000. So, I think it's fair to say that a reasonable person would have expected the quality to be high, and that the car wouldn't have had any major problems for quite some time.

Mr H has been able to cover just over 46,500 miles since the car was supplied in a period of just over three years, which doesn't appear to be excessive and is well within the mileage cap on the agreement. But given the length of time the car had been in Mr H's possession the onus was on him to demonstrate the car wasn't of satisfactory quality.

Stellantis didn't engage with Mr H's complaint but asked him to contact the selling dealer if he wanted to reject. It didn't ask Mr H to supply any evidence about the fault with the car, and once its time to consider the complaint had passed it said it hadn't reached a conclusion and referred Mr H to our service.

Based on what I've seen, I'm satisfied that the car has a fault. This is evidenced by the expert report, the recovery invoice, and emails from the manufacturer. The report indicates that the Supervisor ECU needs to be replaced at a cost of over £3,000 and that there is an internal error causing an electric supply defect. The car is not in an operational condition and the expert couldn't conclude what had caused the fault but did state that the manufacturer didn't expect maintenance to be required until the car had reached 120,000 miles.

Considering this was a new car that had been serviced regularly and cost around £24,000, it seems unlikely that such a significant fault before it had driven 50,000 miles is a matter of wear and tear. It suggests something more fundamental was wrong with the car. And it seems that the car had been maintained as expected by the manufacturer which in my mind makes the fault less likely to be as a result of poor maintenance.

I have to reach a decision on the available evidence and sometimes the issues aren't clear cut. In this case I think that on the balance of probabilities the problems were inherent in the car and as such they would have been present at the point of supply. So, I'm satisfied that the car was not of satisfactory quality at the point of supply because it wasn't sufficiently durable.

The CRA sets out that (outside of the short term right to reject period) if the goods don't conform to the contract the consumer has the right to ask for a repair. And if the goods aren't brought back to conformity after the repair the consumer has the right to reject the goods. The CRA also says where the consumer requires the trader to repair or replace the goods, this must be done within a reasonable time and without significant inconvenience.

Mr H had the car taken to a third-party main dealer, who in turn liaised with the manufacturer. He contacted the selling dealer, on Stellantis' advice, and let them know about the issue but they declined to offer any support unless they saw the car. But Stellantis didn't engage with the complaint, offer Mr H any support or ask for any evidence. Given the garage that has seen the car was manufacturer approved, and the selling dealer didn't have capacity to look at the car initially, I don't think Mr H has intentionally prejudiced Stellantis

right to a repair. Mr H was able to provide an expert report after contacting our service, and Stellantis' time to consider this new information has now passed.

Considering the circumstances I think the chance to repair has now passed, and in any case the experts don't seem to have found a way to bring the car back to operation without a significant and costly repair. I'm also aware the car has been left standing for some time which may have caused other problems. A repair hasn't been made in a reasonable amount of time and without significant inconvenience, as required by the CRA, so Mr H should now be able to exercise his final right to reject the car.

Had Stellantis got to grips with the complaint I think it could have reached this conclusion at an earlier stage and without as much inconvenience to Mr H. So, I think Stellantis need to do something to put things right.

Putting things right

The CRA says a deduction can be made from the refund to take account of the use the consumer has had of the goods in the period since they were delivered. It doesn't set out how to calculate fair usage and there's no exact formula for me to use. There's not an industry standard mileage figure. But as a starting point, in the particular circumstances of this case, I think the monthly repayment towards the hire purchase agreement is a reasonable figure to use for a months' worth of use of the car. So, I think Stellantis can retain the monthly payments Mr H made in recognition of the use he's had of the car up until February 2024.

Mr H hasn't had use of the car since the fault occurred, and a courtesy car hasn't been provided, but he has told me that he has maintained his repayments. I don't think it's fair that Mr H should have to pay for a car he's been unable to use, so I'm intending to direct Stellantis to refund all monthly payments made from February 2024.

Mr H has also incurred additional costs due to the car being faulty. He has provided evidence of paying £276 for a diagnostic. I think Stellantis should refund this amount plus simple interest from the date of payment to the date of settlement. I say this because I think this cost came about as a result of the breach of contract.

I'm conscious that while the complaint was with our service the final payment became payable. Mr H said his intention was always to hand the car back before this, but it hasn't happened because of the dispute. It is my understanding that he hasn't paid this amount. If he has, he should be refunded. If he hasn't, then Stellantis need to remove any adverse information it's reported to the credit reference agencies due to non-payment. Both parties can provide any comments about this in response to the provisional decision.

I've mentioned that I don't have a copy of the agreements. I have limited information, but I don't know how much deposit was paid (if any). When exercising the final right to reject I'd normally expect the deposit to be refunded. Again, both parties can provide further evidence of the deposit paid in response to the provisional decision.

Mr H has told us that he's also made a final payment towards an insurance policy arranged and financed by Stellantis. But this isn't a consequential loss that came about due to the breach of contract, so I don't intend to direct Stellantis to refund this.

Finally, I've considered compensation. Mr H has explained that he mitigated his losses by borrowing a car, sharing with a colleague, and working from home which was a concession from his employer due to the circumstances. He also highlighted that he was lucky to be in a position to buy a second-hand car to keep himself mobile in April 2024.

Stellantis didn't get to grips with the complaint in the time required and had it done so I think Mr H would have supplied all the information that it needed at an earlier stage.

No amount of money can change what's happened. But the compensation I'm recommending is in line with what's awarded where the impact of the mistake has caused considerable distress, upset and worry – and/or significant inconvenience that needs a lot of extra effort to sort out. So, I think £300 compensation is suitable in the circumstances because it's had that sort of impact on Mr H.

Considering all the circumstances, and the other refunds that I've set out, plus out of pocket interest, I think the steps I've set out are a fair and reasonable way to resolve the complaint.

Stellantis agreed with the provisional decision and supplied a copy of the original agreement with the terms and conditions. Mr H also agreed and supplied his copy of the agreement and evidence that he paid a deposit of £5,000.

I'll now go on to make my 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.

I'd like to thank both parties for responding so promptly to my provisional decision. I'm issuing a final decision so that Mr H is afforded the protection of a legally binding decision.

Neither party has commented on the final payment due when the agreement ended, and whether it had been paid or not. For the avoidance of doubt, if the final payment has been made it should be refunded. If it hasn't been made, then Stellantis need to remove any adverse information it's reported to the credit reference agencies due to non-payment.

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

Therefore, my final decision is the same for the reasons set out in my provisional decision.

My final decision

My final decision is that I uphold the complaint and direct Stellantis Financial Services UK Limited to:

- End the agreement with nothing further to pay.
- Collect the car at no cost from Mr H.
- Refund the deposit contribution of £5,000
- Refund the monthly payments from February 2024
- Reimburse Mr H for the cost of the diagnostic £276
- Refund the final payment if it has been made
- Pay 8% simple annual interest on any payments and refunds from the date of payment to the date of settlement*
- Pay £300 compensation for the inconvenience caused
- Remove any adverse information reported to the credit reference agencies

* If Stellantis Financial Services UK Limited considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 June 2025.

Caroline Kirby
Ombudsman