DRN-5142406

The complaint

Mrs B is unhappy that a car supplied to her under a conditional sale agreement with Stellantis Financial Services UK Limited was of an unsatisfactory quality.

What happened

In October 2023, Mrs B was supplied with a used car through a conditional sale agreement with Stellantis. She paid an advance payment of £500, and the agreement was for £13,207 over 60 months; with monthly payments of £299.81 (which included a service plan). At the time of supply, the car was almost four years old, and had done 42,112 miles (according to the agreement).

After an issue with a warning light that required a software update to fix, the timing chain on the car broke in February 2024 when the car had done 51,633 miles (around 9,500 miles after it was supplied to Mrs B). This was repaired under warranty. Mrs B was offered a courtesy car while the repair was being done, but she declined this offer.

In June 2024 the AdBlue injectors failed. Mrs B told Stellantis that she wanted to reject the car, but they didn't agree to this, saying that the AdBlue injector would be covered by the warranty and was unrelated to the timing chain fault.

Mrs B wasn't happy with what'd happened, and she brought her complaint to the Financial Ombudsman Service for investigation. She also lost all confidence in the car and sold it in July 2024. There was a shortfall between the sale price and the settlement figure of £2,961.97, and Mrs B took out a new loan so she could pay this.

Our investigator said it wasn't reasonable to expect a timing chain to fail after 51,000 miles, so the car wasn't sufficiently durable when it was supplied to Mrs B. And this made the car of an unsatisfactory quality. The investigator said that Stellantis had a single chance of repair, which in this instance was the repair to the timing chain, so the AdBlue injector fault meant that Mrs B had the right to reject the car.

However, as the car had been sold, and the agreement repaid, the investigator said that Stellantis should treat the closure as rejection and refund the deposit Mrs B paid, as well as refunding the shortfall Mrs B paid in July 2024.

While Mrs B agreed with this, Stellantis didn't respond to the investigator's opinion. Under our rules we treat this as Stellantis rejecting the investigator's opinion, and this matter has now been 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'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. Mrs B was supplied with a car under a conditional sale 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, Stellantis 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 confirm 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 Stellantis can show otherwise. So, if I thought the car was faulty when Mrs 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 Stellantis to put this right.

In this instance, it's not disputed the timing chain failed, nor that this failed earlier than could reasonably be expected, thereby making the car of an unsatisfactory quality due to its lack of durability. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think Stellantis should do to put things right.

Putting things right

Section 24(5) of the CRA says *"a consumer who has … the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not confirm to contract."* This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for Stellantis – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

Given this, regardless of whether the AdBlue injector failure was related to the timing chain failure or not (and I think it's fair to say it wasn't), given the short period of time between the repair of the timing chain and the AdBlue injector failure, under the CRA the single chance of repair is deemed to have failed. This means that Mrs B had the right to reject the car, and Stellantis should've allowed rejection – Mrs B wasn't obliged to accept a further repair, even though this was offered to her.

As such, under these circumstances, I would usually ask Stellantis to end the agreement and collect the car. However, as the agreement is already ended, and Mrs B has sold the car, I think the fair resolution would be to treat the agreement as ended due to termination in July 2024 (when Mrs B repaid the agreement in full).

Had Stellantis allowed rejection and collected then sold the car, Mrs B wouldn't be liable for any shortfall between the sale price and the amount needed to settle the agreement (nor

would she benefit if the sale price exceeded the settlement amount). So, I think it's only reasonable that Stellantis refund the £2,961.97 shortfall Mrs B paid on 8 July 2024, as doing so would put Mrs B back in the position she would've been had rejection been allowed.

Mrs B has been able to use the car while it's been in her possession. Because of this, I think it's only fair that she pays for this usage – around 10,000 miles when the car was eventually sold. As such, I won't be asking Stellantis to refund any of the payments she's made, and they can retain these as payment for Mrs B's fair usage of the car.

I also think Mrs B should be compensated for the distress and inconvenience she was caused by the above. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note that Stellantis have already refunded the equivalent to one monthly payment to recognise the distress and inconvenience Mrs B was caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, I won't be asking Stellantis to increase this compensatory payment.

Therefore, Stellantis should:

- remove any adverse entries relating to this agreement from Mrs B's credit file;
- refund the deposit Mrs B paid (if any part of this deposit is made up of funds paid through a dealer contribution, Stellantis is entitled to retain that proportion of the deposit);
- refund the £2,961.97 payment Mrs B made on 8 July 2024 to clear the agreement; and
- apply 8% simple yearly interest on the refunds, calculated from the date Mrs B made the payments to the date of the refund[†].

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

My final decision

For the reasons explained, I uphold Mrs 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 Mrs B to accept or reject my decision before 14 May 2025.

Andrew Burford
Ombudsman