

## **The complaint**

Miss H complains that Stellantis Financial Service UK Limited has supplied her with a faulty car. Miss H wants to reject the car and terminate the agreement.

## **What happened**

Miss H entered into a hire purchase agreement with Stellantis in November 2023, the agreement was in relation to the supply of a used car. The car was first registered in March 2020 and so was over three years old when Miss H acquired it. At the time of sale, the mileage on the car was 43,104. The cost of the car was around £13,104.64 with a total payable amount of £18,507.92. Alongside the credit agreement for the car, Miss H also purchased asset protection insurance for a total repayable sum of £634.

The agreement was designed to run for 49 months with 48 monthly payments of £247.29 and a final payment of £6,638 if she wanted to keep the car. The asset protection insurance was also repayable in 49 monthly instalments, 48 repayments of £8.47 and a final payment of £227.44.

Miss H took delivery of the car in November 2023 and by December 2023 the car was struggling to start so she took it to the garage, but the diagnostics didn't reveal anything. In January 2024, the oil light came on and so she took it back to the garage. She says the garage topped up the oil as it couldn't carry out a comprehensive diagnostic and so she was requested to book to bring the car in. Miss H took the car back to the garage on 19 January 2024 and checks revealed that the car needed a new engine. Miss H's car was kept with the garage from 19 January to 16 April 2024 for the repair to be completed. During the time, Miss H was supplied with a courtesy car.

The day after collecting the car, Miss H noticed a noise in the car and took it back, she was told the car needed a new gearbox and clutch. Again, Miss H had to leave the car with the garage, and it was returned in June 2024 after the repair had taken place. Upon collecting the car, the engine light came on again and Miss H took it back to the garage. The garage said the ball joint was missing and repaired this.

The car started making noise again in July 2024 and Miss H booked to take it back and she was told there was an issue with the clutch. The car was again left with the garage for some time.

While the car was waiting for the engine change between January and March 2024, Miss H told the garage she wished to reject the car. She reiterated this on multiple occasions, but the rejection wasn't processed. Miss H raised the issue with Stellantis as well and made a formal complaint in April 2024. Since then, Miss H has said in July 2024 the car went into limp mode and that the car broke down in October 2024 and November 2024.

I can't see that Stellantis carried out an investigation into Miss H's complaint and has simply repeated what the garage told it about why it wasn't willing to accept rejection of the car.

Miss H referred her complaint to the Financial Ombudsman Service and our investigator determined that Miss H was within her right to reject the car as the fault occurred within six months of the start of the agreement and Stellantis hasn't provided any evidence to persuade him the fault wasn't present or developing at the point of sale.

Miss H accepted the investigator's findings, but Stellantis hasn't responded. As the complaint remains unresolved, it has been passed to me as an ombudsman to make a 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.

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. Miss H was supplied with a car under a regulated consumer credit agreement which means we're able to look into complaints about it.

I've made my decision having fully considered the information provided by both parties. I want to assure the parties, if I don't mention every single point that's been raised, it's not because I haven't thought about it, it is because I'm going to concentrate here on what I consider is key to reaching a fair and reasonable outcome overall.

Miss H's complaint is that the car is faulty and wasn't of satisfactory quality when it was supplied. Miss H believes she has grounds to exercise his right to reject the car and end the agreement in those circumstances.

So, what I need to decide here is whether the car supplied to Miss H was of satisfactory quality. If I don't think it was, I'll need to think what's fair, if anything, to put things right. The Consumer Rights Act 2015 ("CRA") covers the agreement in this case and under this agreement, there are implied conditions that the goods supplied will be of satisfactory quality.

Miss H acquired a car that was used – so there would be different expectations compared to a new car. The car is over three years old with a mileage of 43,104. In these circumstances, the car may need maintenance and repair sooner than a newer car. Having said that, the car's condition at the point of supply, should have met the standard a reasonable person would consider satisfactory, taking into account its age, mileage and price. The CRA says the aspects of the quality of the goods includes their general state and condition alongside other things such as their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

#### *Was the car supplied to Miss H faulty?*

Shortly after Miss H took delivery of the car in November 2023, she had to take the car to the garage due to difficulty starting it in December 2023 and the oil light coming on in January 2024. The diagnostics in January 2024 showed that the car needed a new engine. Miss H took the car back to the garage multiple times after this and the diagnostics showed issues with the gearbox, clutch and the ball joint. Based on the job sheets provided, what Miss H has told this service and the information from the dealer, it is clear there is a fault with the car.

I'm satisfied based on all this information that the car is faulty.

Do the faults with the car make it of unsatisfactory quality?

I now need to consider whether these faults make the car of satisfactory quality.

The initial fault Miss H experienced with the car stemmed from lack of oil which led to a new engine being required. Miss H said the car was serviced shortly before she was supplied with it. This would generally mean the oil was topped up during the service. However, it seems there was an oil leak as the oil light appeared within two months of the car being supplied to Miss H. The job sheet from April 2024 confirms that an investigation was carried out into the oil pressure light and the fault was confirmed. It goes on to say, *"Removed sump to inspect oil strainer – found strainer sucked up timing belt & debris entered oil circuit causing oil starvation to internal components."* This in turn led to the engine needing replacement.

The initial fault occurred within two months of Miss H acquiring the car, and while it was a used car, Miss H had reasonable expectations that the car will be fit for purpose and durable. I don't think that has been the case. I don't think it is reasonable for a car Miss H acquired to encounter engine problems that required a change of engine within two months of her being supplied with it. So, I think the fault with the oil light and subsequent problems it caused to the engine made the car of unsatisfactory quality. Following the engine repair, the car has continued to have recurring problems. One of these problems is a reoccurring issue with the gearbox, flywheel and clutch. A job sheet from June 2024 confirms that, *"Removed gearbox and sent for repair – gearbox not repairable. Requires new gearbox, flywheel and clutch due to excessive play from flywheel."* An email from Stellantis in August 2024 to this service states, *"The customer booked the vehicle back in April for a separate fault and it was determined the vehicle required a new gear box. This was replaced on 22/04/2024 along with the fly wheel and clutch. The vehicle is now in with our service department and we have diagnosed a fault with the gearbox we were supplied with"*.

The email from Stellantis confirms that the gearbox, flywheel and clutch were replaced in April 2024, when the mileage was recorded at 44,382. However, due to a fault with the gearbox that was put into the car by the repair garage, these components failed again. The mileage at the time of the failure in June 2024 was 44,685. So, Miss H had only travelled a further 303 miles before a major component failed a second time. In light of this, given the little mileage that Miss H did in the car between both failures of the gearbox, flywheel and clutch and because the repair dealership has accepted there was a problem with the initial gearbox it was supplied, I think the faults with these components also make the car of unsatisfactory quality.

Miss H has also confirmed that the car broke down in October 2024. It seems the car has a fault which makes it go into limp mode and so, Miss H needs to call a breakdown provider to assist her. Miss H says she has been told the breakdowns have occurred due to a problem with the engine installed which results in an engine management light occurring.

Overall, given the little mileage Miss H has completed in the car since she acquired it, I don't think the car supplied to her was of satisfactory quality, given the extensive faults that have occurred to major components of the car. I think the car wasn't sufficiently durable and it isn't reasonable to expect a car that has only travelled around 43,000 miles at the point of supply to have these faults and I'm persuaded the car wasn't sufficiently durable at the time it was supplied to Miss H.

I'm satisfied there is a fault with the car which was present or developing at the point of sale. I'm also satisfied that the fault makes the car of unsatisfactory quality and Stellantis needs to put things right for Miss H.

### What does Stellantis need to do to put things right?

At the time Miss H brought her complaint to the Financial Ombudsman Service, the car was in the garage for a gearbox repair. It seems that the repairs have been carried out as Miss H has had the car back and has reported further problems with it. I've considered whether it is reasonable to allow Miss H to reject the car.

Stellantis has had multiple opportunities to repair the car, but the repairs have failed to make the car useful to Miss H for sustained periods. I can see that Miss H wrote to the dealer and Stellantis on multiple occasions requesting to reject the car, but the rejection wasn't processed. At the time the complaint was referred to this service, the dealer's response to Stellantis on the complaint is that it won't accept rejection of the car as it is in the process of repairing the gearbox. However, I don't think this is fair or reasonable as it has had several opportunities to repair the faults on the car, which is more than the single occasion provided for by the CRA.

I appreciate that if Miss H had accepted the repairs, she would have lost her right to reject the car, but repairs still had to be carried out within a reasonable time and without significant inconvenience. The car hasn't been repaired within a reasonable time and without significant inconvenience and at the time the complaint was brought to this service, required further repairs. In fact, Miss H mentioned on multiple occasions that she had only had the car for around 8-12 weeks in the eight months following her being supplied the car. There are still faults with the car which have been suggested to stem from the initial engine repair. So, it appears that the car is still faulty and so, is still of unsatisfactory quality. In addition, it doesn't seem like Miss H did accept repairs the second time given that she requested on multiple occasions to reject the car.

Based on all the circumstances, Miss H is within her right to reject the car, end the agreement with nothing further to pay.

Miss H had a courtesy car while her car was undergoing repairs and I understand that due to the nature of her work, the changes in car caused significant inconvenience with permits. As Miss H was provided with a courtesy car, I have to take into account that during the period, Miss H had a car that which kept her mobile while her car was in the garage, and I think it is fair she makes the monthly payments for the relevant period. However, as the courtesy cars weren't always like for like and the impairment has affected Miss H as she says she wasn't able to fit her baby's car seat in the courtesy, I think Stellantis should refund some of Miss H's monthly payments for the period she didn't have a like for like car.

Stellantis should have processed the rejection of the car as soon as possible but it delayed and caused Miss H further trouble and upset. I can see there are several email exchanges between Miss H, Stellantis and the dealer. Miss H was spending time, emailing and calling to try to reach a resolution but this didn't happen. Miss H has also explained the impact to her health, which I'm sorry to hear about. In my view Stellantis and the dealer caused Miss H trouble and upset with the way her complaint was dealt with and her request for rejection not processed despite repeated requests with reasonable grounds to do so. I'm also mindful of the numerous trips to the garage and the emails and phone calls Miss H had to deal with. I think £250 is reasonable compensation for Miss H in the circumstances.

### **Putting things right – what Stellantis needs to do.**

- End the agreement with nothing further to pay.
- Stellantis should give Miss H a pro-rotta refund of 10% of her monthly payments for the periods of time she was not supplied with a like for like courtesy car.

- Add 8% simple interest† on any refunds from the date the payments were made to the date of settlement.
- Pay Miss H compensation of £250 for the trouble and upset caused.
- Remove any adverse information about the agreement from Miss H's credit file.

† HM Revenue & Customs requires Stellantis to take off tax from this interest. Stellantis must give Miss H a certificate showing how much tax it has taken off if she asks for one.

### **My final decision**

For the reasons given above, I uphold Miss H's complaint and direct Stellantis Financial Service UK Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 25 February 2025.

Oyetola Oduola  
**Ombudsman**