

## **The complaint**

Mr M is unhappy that a car supplied to him under a conditional sale agreement with Stellantis Financial Services UK Limited ('SFS') was of an unsatisfactory quality.

## **What happened**

In August 2023, Mr M was supplied with a used car through a conditional sale agreement with SFS. The total cost of the car was £16,425, with an advance payment of £1,000. The agreement was for £15,425 over 46 months; with 46 monthly payments of £401.23. At the time of supply, the car was around three years old, and had done around 46,000 miles. The documentation shows that the agreement with SFS was taken out in June 2023, however the ownership date was 22 August 2023. Mr M has confirmed this is when he took possession of the vehicle.

In September 2023, the AdBlue warning light came on, and remained on after refilling. Mr M arranged for the car to be inspected by the dealership where he had purchased it, and an inspection was carried out in December 2023. A report was provided showing a number of issues with the car, including a carbon build up on the urea injector and within the exhaust pipe, a replacement particle filter was required, excess exhaust gasses were present and the catalyst pipe needed to be replaced due to "premature ageing". Following a diagnostic inspection, the dealership were of the opinion that the exhaust valves were clogged due to the car not reaching full temperature during short trips. This was not covered by the warranty as it was considered to be a gradual build up not a sudden failure, and as the clogged valves appeared to be a gradual issue related to driving habits, was not considered to be a fault. Mr M states that the manufacturer offered to cover half the repair cost of £7,230 (ie, £3,615).

The car was with the dealership from 19 December 2023 to 21 June 2024 when Mr M paid the invoice for his half of the cost of the repairs to be completed. Mr M states he was not offered a courtesy car during this time however continued to pay the required payments under the credit agreement. He states that due to having no courtesy car he had to arrange rental vehicles as and when required.

In January 2024, Mr M complained to SFS. As they did not provide a satisfactory response to Mr M within eight weeks, he forwarded his complaint to this service in March 2024 in line with his rights to do so.

On 3 July 2024, SFS provided Mr M with their final response. They did not uphold the complaint. Within their response they stated that based on the information available the Consumer Rights Act 2015 (CRA) did not apply as the issues Mr M had experienced did not appear to be linked to faults present at the time of purchase, and were as a result of gradual wear and tear.

Having considered the evidence available, our investigator provided her view to both parties. She was of the view that the vehicle was not of satisfactory quality when it was supplied, and therefore the complaint should be upheld. She reflected on the issues experienced, and the outcome of the diagnostic tests identifying the carbon build up and clogged exhaust valves, as well as identification of premature ageing of the catalyst pipe. The investigator also

considered the fact that carbon will build up naturally, however the valves should not have clogged up in the way identified with this vehicle, and not within a car that had travelled 54,000 miles and was just over three years. She noted that the fact that the manufacturer had paid for half the costs could be indicative that they also considered the issues experienced by Mr M to be a result of premature aging of the car. In order to put Mr M in the position he had been if he had not been supplied with the faulty vehicle, the investigator concluded that it would be reasonable to ask SFS to pay a refund of the payments made during the time he was not able to use the car and refund the £3,614.99 paid for the repairs to be carried out. Interest should be added to this from the date of payment to the date of settlement. Additionally, SFS should pay a further amount of £250 for trouble and upset caused to Mr M due to the faulty goods.

Mr M agreed with the investigator's findings however SFS did not respond to confirm their acceptance, or to provide additional information.

Because SFS didn't respond, this matter has been passed to me to make a 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.

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. Mr M 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 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, SFS 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 conform 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 SFS can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for SFS to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr M 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 SFS to put this right.

I have considered whether there is sufficient evidence to indicate that the car was faulty, or not of a satisfactory quality at the time it was supplied to Mr M. When doing this I have considered the age of the car, the mileage and the price paid for it.

Mr M had had ownership of the vehicle for only one month when he states that the warning light first appeared, although the dealership could not carry out the diagnostics until December 2023, almost three months after the issue first occurred. The car purchased by Mr M was only three years old at the time he took ownership of it. It is reasonable to accept that used cars are more likely to experience issues or need work done sooner than a new vehicle, however I would not expect that Mr M would experience issues with the car as soon as he states that he did, particularly a car that was only three years old.

There does not appear to be a dispute that there were significant issues identified with the car, however what is in dispute is whether the issues were a result of a fault with the vehicle, or due to wear and tear that could reasonably be expected of a car of this age.

Within their final response, SFS have stated that they believed that the problem was caused by carbon buildup on the exhaust valves which was likely due to frequent short trips where the engine doesn't reach its full operating temperature. They stated that according to the dealership, this was considered wear and tear caused by driving style and was not considered a fault with the vehicle.

I have considered whether it is reasonable to conclude that the issues experienced by Mr M were caused by wear and tear, and his driving style. I am not persuaded that it is. At the time of the credit agreement, the vehicle had mileage stated to be 46,000. It is unclear what the mileage was at the time that the ownership of the vehicle was transferred to SFS and Mr M took possession of it in August 2023 however at the time of the diagnostic checks in December 2023, the mileage was 54,300, meaning that the vehicle had driven 8,300 miles in six months. This mileage does not appear atypical, nor does it indicate it was a car being used for short journeys only, that would be insufficient to allow the vehicle to reach its full operating temperature on a frequent basis. Given that the warning light first appeared shortly after Mr M had taken possession of the car, there was not a sufficient period of time elapsed for Mr M's driving style or any other issues resulting from wear and tear to have caused the carbon build up to the extent identified in the diagnostic testing.

Whilst exhaust valves can experience issues such as those identified within Mr M's vehicle, it would not be common for this to occur within the first three years under normal driving conditions. I am therefore persuaded that a fault existed at the time Mr M took possession of the car, and that it was not of a sufficient quality at that time. It follows that I uphold Mr M's complaint.

### **Putting things right**

The car was not in Mr M's possession between 19 December 2023 and 21 June 2024. During this period, Mr M wasn't supplied with a courtesy car. As such, he was paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as SFS failed to keep Mr M mobile; I'm satisfied they should refund the payments he made during this period.

Given the issues with the car, I'm also satisfied that Mr M's usage and enjoyment of the car has been impaired from September 2023 when the issues commenced and 19 December 2023 when the car was not in his possession. Because of this, I also think it's fair that SFS refund some of the payments Mr M made. And I think 5% of the payments made during that period fairly reflects the impaired use caused by the car not being of a satisfactory quality. Mr M has not provided us with the actual date that the issue first occurred. For the purposes of putting things right, I have considered that this issue commenced on 22 September 2023, one month after Mr M received the car unless Mr M can provide evidence of the actual date.

Mr M has provided evidence of the costs he incurred in having the car repaired. And, given that the car wasn't of a satisfactory quality when supplied, I think it's only fair that SFS reimburse these costs where they were paid by Mr M. It is noted that the invoice supplied as part of the submissions for the complaint is addressed to a third party company rather than Mr M. Although Mr M has also provided a credit card statement showing the payment being made, this does not show his name. If Mr M can demonstrate that he personally made the payments to the dealership in respect of the costs incurred for the repairs to the car, SFS should refund him for this payment.

It's clear that Mr M has been inconvenienced by the issues encountered, and the time involved with dealing with reaching a resolution. So, I think SFS should compensate him for this. The investigator had recommended SFS pay him £250, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, SFS should:

- end the agreement with nothing more to pay;
- collect the car at no cost to Mr M;
- refund the £1,000 advance payment made;
- refund the payments made by Mr M from 19 December 2023 to 21 June 2024;
- refund 5% of the payments made by Mr M from 22 September 2023 (or the actual date the issue commenced if Mr M provides evidence of this) to 19 December 2023;
- refund any payments made in respect of repairs to the vehicle paid by Mr M (providing he has evidenced that these were paid by him personally);
- apply 8% simple yearly interest on the refunds outlined above, calculated from the date Mr M made the payments to the date of the refund†; and
- pay Mr M an additional £250 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

†If HM Revenue & Customs requires SFS to take off tax from this interest, SFS must give Mr M a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold Mr M'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 Mr M to accept or reject my decision before .

Joanne Molloy  
**Ombudsman**