

The complaint

Mr H complains about a car supplied to him using a conditional sale agreement taken out with Stellantis Financial Services UK Limited ("Stellantis").

What happened

In January 2024, Mr H acquired a used car using a conditional sale agreement with Stellantis. The car was around eight years old, the cash price of the car recorded on the agreement was £12,797, the agreement was for 50 months, made up of regular, monthly repayments of £339.06. The mileage recorded on the agreement for the car was 87,480 miles.

When Mr H acquired the car, he said he was told by the supplying dealership that the car's timing belt kit and water pump had been replaced and was also supplied a copy of a receipt to show the works carried out a few days prior. There was also a job sheet left in the car which showed a gearbox service was completed a couple of weeks prior to the car being acquired. Notes on the job sheet said:

"suspect seal to be leaking on timing belt – advise to replace cambelt and waterpump..."

Mr H said shortly after acquiring the car, he noticed issues with it. Mr H said that warning lights appeared on the car's dashboard in relation to its cruise control, among other things. Mr H also said there was a suspected oil leak.

Mr H informed the supplying dealership and Mr H said the car was taken to be repaired. When Mr H got his car back, he said the same issues immediately appeared in relation to the car's cruise control and intermittent errors were appearing on the car's dashboard in relation to the car's diesel particulate filter ("DPF") and cruise control. Mr H said he was supplied a receipt of the works carried out during the repairs

Mr H said he insisted the car was repaired again by a local specialist garage, which Mr H said the supplying dealership agreed to. Mr H said that when his car was returned to him for the second time, some issues were resolved, such as the cruise control, but many intermittent issues persisted or became apparent, such as errors appearing on the car's dashboard in relation to the braking system and other parts.

In February 2024, Mr H complained to Stellantis as he wished to reject the car. In May 2024, Mr H referred his complaint to our service as he didn't receive a final response from Stellantis.

Mr H told our service that the car hadn't been used since March 2024 and its mileage was 90,185 miles.

Our investigator initially didn't uphold Mr H's complaint as he didn't think there was enough evidence to show that there was a fault with the car which meant it wasn't of satisfactory quality at the point of supply.

Mr H disagreed and provided further information, including a health check which was completed on the car in October 2024 by an independent third-party. Among other things, the mechanic didn't think the timing belt had been replaced, as Mr H said he was told by the supplying dealership. The mechanic also identified several fault codes when a diagnostic scan was completed on the car, which he thought appeared to show all the electronic modules failing. The mechanic went on to say that he didn't think all the faults would have happened overnight and were likely on the car when it was acquired.

Our investigator issued a further view, where he upheld Mr H's complaint. In summary, he explained that he thought the health check carried out in October 2024 confirmed the car had faults with the timing belt, an oil leak, as well as electronic issues which would require further investigation. As the mechanic thought the issues would have been present at the point of supply and given the relatively low amount of miles the car had been driven since it was acquired, the investigator didn't think it was of satisfactory quality when it was supplied.

Stellantis didn't respond to the investigator's view, so it was referred to an ombudsman.

In December 2024, Mr H confirmed that the car had been recovered by a third-party acting on Stellantis's behalf.

Mr H also provided our service a copy of a letter that he received from Stellantis, which explained that the agreement he thought he held with them was unenforceable as it hadn't been correctly signed by them. Stellantis explained in the letter that due to their error, they had agreed to write-off any outstanding balance under the agreement, which was at the time £9,876.01.

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.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, 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.

Mr H complains about a car supplied to him under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr H's complaint about Stellantis.

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 – Stellantis 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.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mr H acquired was used, around eight years old, had been driven around 87,500 miles and cost around £12,800. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

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

Had the car developed a fault?

Mr H has explained and provided job sheets to show that the timing belt and the water pump were replaced a few days prior to the car being acquired. Mr H had also provided job sheets for a gearbox service that was completed to the car in January 2024, where its notes said that the belt and pump were advised to be replaced.

On the other hand, Mr H supplied an independent health check carried out in October 2024, with a recorded mileage of 90,187 miles. Within the report it said:

“Also while carrying out the inspection the gearbox still appears to have a leak...

...

Please find attached below a few pictures of the timing belt that is currently on the vehicle that is not in a good state and does risk potentially failing on the customer causing severe engine damage...”

Considering the above, I’m satisfied that there is likely a fault in relation to the gearbox having a leak, and likely to the timing belt, as the mechanic has suggested there is a risk of it potentially failing.

In addition, I’m mindful that the health check also identified several faults with the car when completing a diagnostic check, which the mechanic says appears to show, “...*all the electronic modules failing...*”. What the mechanic mentioned in his report was fairly consistent with previous diagnostic reports completed on the car and that have been provided by both parties here. So, in any event, I’m satisfied there is likely a fault with the car.

Was the car of satisfactory quality at the point of supply?

I’m mindful that notes from a couple of weeks prior to the car being acquired mentioned that the timing belt was advised to be replaced. And the October 2024 health check said, in summary, that the timing belt was potentially at risk of failing.

I’m also mindful that a gearbox service also took place shortly prior to the car being acquired, however, within a few thousand miles, a leak was identified coming from the gearbox.

In addition, in relation to the many fault codes identified, the October 2024 report said:

“... it could potentially be a massive electrical issue, and these faults wouldn’t happen overnight they would have been on the vehicle when it was purchased...”

Considering all these issues presented themselves shortly after the car was acquired, and within less than 3,000 miles. And the inspection report says they believed some of the faults to be a pre-existing condition, I’m satisfied issues with the car were likely present or developing at the point of supply.

Remedies under the CRA

What I now need to consider is whether Stellantis needs to do anything to put things right.

I've gone on to think carefully about the remedies available to Mr H under the CRA. I've also thought carefully about the time that has elapsed, and the opportunity Stellantis has had to resolve any issues with the car.

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 conform 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.

In this case, the car was attempted to be repaired by a third-party garage acting on behalf of the supplying dealership. And since those repairs had been carried out, issues with the car persist. Mr H has also said that several error lights appear on the car's dashboard, which is consistent with the findings of the various diagnostic reports and the October 2024 report.

So, I'm satisfied Stellantis has already had the opportunity to repair the car and I think it failed, or the car has an underlying fault that was never put right. Considering the time that has passed, and the opportunities Stellantis has had to repair the car, I don't think it would now be fair to allow them the opportunity to repair the car again, as there isn't a guarantee that the fault could be resolved within a reasonable time, and without significant inconvenience to Mr H.

In addition, the car now appears to be collected and is no longer in Mr H's possession. So, as I'm satisfied Mr H has had one repair, and the car still has a fault, it follows that I think it is fair and reasonable for Mr H to be allowed to reject the car.

Loss of use and other costs

A further diagnostic was completed on the car on 28 February 2024 to show there were still issues with it, after repairs. Mr H also says he stopped using the car from early March 2024. Considering the car was supplied of unsatisfactory quality, and I think Mr H should have been able to reject the car from this point, I think it is fair and reasonable for Stellantis to refund any monthly repayments made from 28 February 2024 up to when the agreement ends. I understand that Mr H may have stopped making payments as the car was repossessed. And that Stellantis has cleared the outstanding balance owed on the agreement. So, in this instance, Stellantis only need to refund to Mr H a pro-rata of payments he has made after 28 February 2024.

Mr H says he paid £50 for the health check carried out on 10 October 2024. I think it is fair that Mr H is reimbursed this cost for similar reasons as above. And if Mr H has any further costs incurred in relation to identifying faults with the car, if Mr H can show proof of payment to Stellantis, then I think they should reimburse Mr H for them.

Mr H has expressed his concern of the impact this complaint may have on his credit file due to the issues with the car. From what has been supplied to our service, it is unclear whether there has been a direct impact to Mr H's credit file and in relation to the status of the agreement and how it has been recorded on Mr H's credit file. Considering that I'm satisfied

the car wasn't of satisfactory quality at the point of supply and that Stellantis needs to do more to put things right, I'm satisfied adverse information reported to Mr H's credit file should also be removed.

Distress and inconvenience

Mr H has explained the times he had to take the car to be investigated and repaired and the impact this has had on him. Mr H has also explained his frustrations with his ongoing complaint with Stellantis. And on occasions he was told that issues with the car had been resolved, only for them to reappear.

I think it must have been frustrating for Mr H to have to deal with the issues the car had. Mr H explained how he lost faith in the issues with the car being resolved. With all this in mind, I think Stellantis should pay Mr H £250 in total for the level of distress and inconvenience he experienced because of the above.

My final decision

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

- End the agreement with nothing further to pay (if this has not been done already).
- Collect the car (if this has not been done already) at no further cost to Mr H.
- Refund a pro rata of Mr H's monthly repayment towards the agreement from 28 February 2024 to the date of settlement, if any. *
- Reimburse Mr H £50 for a health check carried out to the car to determine faults with it on 10 October 2024.
- Reimburse Mr H the cost of any other diagnostics carried out to the car to identify faults, which haven't yet been refunded. This is subject to suitable evidence being provided to Stellantis, such as receipts, to show payment being made. *
- Pay Mr H £250 to reflect the distress and inconvenience caused.
- Remove any adverse information from Mr H's credit file in relation to the agreement, if any.

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

If Stellantis 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 Mr H to accept or reject my decision before 25 June 2025.

Ronesh Amin
Ombudsman