

The complaint

Mr F complains that RCI Financial Services Limited trading as Nissan Financial Services ("RCI") has failed to provide him with sufficient assistance after a car supplied to him via a hire purchase agreement was damaged in two separate road traffic accidents.

What happened

Mr F was supplied with a new car via a hire purchase agreement in February 2022. The agreement provided him with credit of £25,120 and was due to be repaid over 48 months followed by an optional final repayment.

In January 2024 the car was involved in two separate accidents on the same day. Some months later the insurer of Mr F's car authorised its repair having concluded that the cost of the repairs was economically viable. But due to a shortage of parts the repairs could not be completed for some time. The repairer proposed using second hand parts to allow for a quicker resolution. Unhappy with the repairs being proposed, and that the car would no longer have the same value as if it had been undamaged, Mr F asked RCI to intervene with the repairer and his insurer to request that the car be written off.

RCI didn't accept Mr F's request. It said that its responsibility was to ensure the car was of a satisfactory quality when it was supplied. It said that it wasn't responsible for any repairs that were needed to the car as a result of accident damage – the hire purchase agreement clearly said those repairs would be the responsibility of Mr F. Unhappy with that response Mr F brought his complaint to us.

Since then Mr F's car was returned to him following the completion of the repairs. But it later transpired the repairs hadn't been correctly identified or completed. Mr F made a separate complaint about his insurer that has been considered by another of our investigators. That investigator recommended that the car be written off, and the insurer has now agreed to that recommendation.

Mr F's complaint about RCI has been assessed by one of our investigators. He didn't think that the problems Mr F was facing suggested that the car was not of a satisfactory quality when it was supplied. So he didn't think it would be reasonable to expect RCI to intervene in any dispute between Mr F and his insurer or the car repairer. So he didn't think the complaint should be upheld.

Mr F didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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 deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr F and by RCI. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Mr F was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it. The relevant law – 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 finance used to purchase the car, RCI is responsible. What's satisfactory is determined by what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances.

It doesn't seem that Mr F has experienced any mechanical problems with the car. Instead the problems he has faced have arisen from damage sustained in two accidents that occurred on the same day in January 2024. So I haven't seen anything to persuade me that the car that was supplied to Mr F in February 2022 was not of a satisfactory quality.

Mr F is right that, under the terms of the hire purchase agreement, RCI remains the legal owner of the car. However under the agreement Mr F took on a number of responsibilities towards the car. He agreed to ensure it was comprehensively insured. And he accepted responsibility for keeping the car in good repair and condition at all times. It was not RCI's responsibility to either ensure an insurer met the terms of any agreement it had with Mr F, or to arrange any repairs that might be needed to the car as a result of accidental damage.

I have great sympathy for the position that Mr F found himself in. He was paying monthly instalments to RCI for a car that he was unable to drive. But I cannot see that was because of anything RCI had done wrong. The car was not drivable due to an accident and delays in the repairs being authorised by Mr F's insurer and completed by its chosen repair garage. RCI had no involvement in any part of that process.

As I said earlier it does seem that following our involvement Mr F's insurer has agreed to write off his car. Once that process has been completed his finance agreement will be settled either through his insurance settlement, or the GAP insurance that I understand he holds, meaning he will not need to voluntarily terminate his finance agreement. So whilst this decision is not providing the answer that Mr F wants – I don't think RCI has done anything wrong – hopefully he will now be able to move on from the problems he has faced with this car.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against RCI Financial Services Limited trading as Nissan Financial Services.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 January 2025.

Paul Reilly
Ombudsman