

The complaint

Ms C complains Stellantis Financial Services UK Limited (formerly Vauxhall Finance) supplied her with a car that she believes wasn't of satisfactory quality.

What happened

In November 2021, Ms C entered into a 48 month conditional sale agreement with Stellantis for a new car. The car's cash price was around £17,600 and Ms C paid a deposit of £993. She was required to pay monthly instalments of £255 with a final payment of £5,475 should she decide to keep the car.

In late 2023, Ms C reported issues with the car. She said there was a loss of oil pressure and the wet timing belt was severely worn causing the engine to be starved of oil meaning it needed to be replaced. She also said when she previously serviced the car, the supplying dealership had used the wrong oil. According to Ms C, the warranty claim was declined because the car had been serviced late.

In May 2024, Ms C arranged for an independent inspection to be carried out. It found the wet belt was heavily cracked and swollen. A fault code was found relating to the oil level along with other unrelated fault codes. In the inspector's opinion, the wet belt had deteriorated prematurely and should have lasted at least another 20,000 miles before needing replacement. Given the mileage of the car covered (39,405 miles), the report concluded the car wasn't durable. Ms C was advised not to drive it as further use could cause catastrophic damage to the engine. No longer able to use the car, Ms C stopped paying for the instalments.

Stellantis said the dealership are responsible for the repairs and they were considering making a financial contribution towards it therefore the complaint should be referred to them. They stressed they had no jurisdiction over the dealership or the provider of the manufacturer warranty.

Unhappy with their response, Ms C referred the complaint to our service. The investigator recommended the complaint was upheld. He said the car wasn't of satisfactory quality at supply and to put things right, Stellantis must do the following:

- Arrange for the car to be repaired in a reasonable time frame and in line with the findings of the inspection report;
- Refund the instalments paid from June 2024 onwards as Ms C stopped using the car;
- Refund the cost of the inspection report (£264);
- For the above refunds, pay 8% simple interest per annum from the date of payment to the date of settlement;
- Pay £300 compensation to Ms C for the trouble and upset caused.

Stellantis failed to respond to the investigator's opinion.

Since that time, Ms C has told our service that in October 2024 Stellantis terminated the agreement as it had fallen into arrears and they were trying to take back the car.

In November 2024, I issued a provisional decision outlining my intentions to uphold the complaint. I said:

“At this point I would like to stress that I’ve considered this complaint based on the evidence provided by Ms C. This is because despite our service’s repeated attempts, Stellantis has failed to provide their version of events. It’s very disappointing that they haven’t engaged with our service as required. So to avoid any further delay, I’ve reviewed this case based on the information and evidence available.

Ms C acquired a car under a regulated credit agreement. I wish to emphasise as the supplier of the goods under this type of agreement, Stellantis are ultimately responsible for a complaint about the supply and the quality of the car, not the supplying dealership as they allege.

The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that, under a contract to supply goods, there is an implied term that “the quality of the goods is satisfactory”. To be considered “satisfactory”, the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and all the other relevant circumstances. In a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage. The quality of goods includes other things like fitness for purpose, appearance, freedom from minor defects, safety and durability.

Ms C was supplied with a brand-new car. So I think it’s fair to say that a reasonable person would expect the level of quality to be higher than a second-hand, more road-worn car. And that it could be used – free from defects – for a considerable period of time.

Based on the findings of the inspection report, it’s evident there’s a fault with the car. That is the wet belt and oil pressure levels. It’s also noted other fault codes were present but full details weren’t provided. The inspector considered the timeline of events and he also noted the car was serviced on two separate occasions and different oils were used. However he doesn’t go on to say whether the wrong oil was put into the car as Ms C has alleged.

In any event, the inspector says given the time the car has been in Ms C’s possession (around two years) and the miles covered (39, 405 miles), the wet belt has failed prematurely and the car wasn’t durable. Given the inspector has the relevant expertise and experience in car mechanics, I find it’s reasonable to rely on his findings especially as there is no other contrary evidence nor any indication the faults were due to Ms C’s use or maintenance of the car.

If parts fail prematurely (as was the case here), this might indicate there was already a problem when it was supplied. In light of the same, I find the car wasn’t sufficiently durable at the point of supply meaning it wasn’t of satisfactory quality therefore a breach of contract.

Where this happens and it’s outside the short term right to reject the car (30 days), the relevant law says there should be one opportunity of repair. I would expect that repair to be carried out at no cost to the consumer, in a reasonable period of time and without causing significant inconvenience to the consumer.

In this case, there is no indication repairs have been carried out although there has been ample opportunity to do so. Stellantis has said it's down to the supplying dealership to do so and they may contribute to the repairs. However as mentioned above, Stellantis is responsible. Having determined the car wasn't of satisfactory quality at supply, they are liable to arrange the repairs. They can't absolve their legal obligations to the dealership. So it's very disappointing to see they haven't taken the relevant action despite there being strong and compelling evidence from an independent party that this car wasn't of satisfactory quality at supply and needed to be fixed.

Since the investigator's opinion, matters have moved on and I've seen evidence that the agreement was terminated in October 2024 due to the arrears. In my opinion, had Stellantis arranged the repairs as required, Ms C would've had use of the car and paid for it meaning this situation could've been avoided. It was clear from the inspection report that Ms C was told not to drive the car because further damage could be caused. So I can understand why she followed such instructions. Although she had no use of the car from June 2024 onwards, Stellantis refused to provide assistance and no courtesy car was provided. Therefore Ms C said she had to stop making payments as that money was needed for alternative travel.

Having determined the car wasn't of satisfactory quality at supply and despite ample opportunity no repair has been carried out, I find Ms C should be able to exercise her final right of rejection. Therefore I don't find it was fair for Stellantis to end the agreement as a termination, it should end as a rejection.

To put things right

Stellantis should update internal and external records to show the agreement ended as a rejection with nothing further for Ms C to pay. The cash deposit should be refunded and the car collected at no cost to her. Any termination related fees should be removed (if applied). Stellantis should also remove any adverse information from this agreement from Ms C's credit file.

Given the mileage covered (over 39,000 miles), it's clear Ms C has had use of the car so it's fair she pays to reflect that. So I won't be saying Stellantis needs to refund all the monthly payments, only some of them. From June 2024, Ms C says she stopped driving the car, therefore I find she shouldn't be held liable for any monthly payments paid from that date onwards as she didn't have use of the car. If payments have been made, they should be refunded.

Ms C paid for the independent inspection, as this evidence confirmed the car wasn't of satisfactory quality, it should be refunded to her.

Ms C has outlined the impact of this situation on her. This includes trips to the garage, having to arrange alternative travel such as public transport to take her young children to and from school, arranging an independent inspection report, the worry of the agreement being terminated and the impact it would have on her ability to get credit, etc. Given the circumstances, I find Stellantis should pay £450 compensation to Ms C for the trouble and upset caused".

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.

Both parties were invited to respond to the provisional decision. Ms C accepted the findings. Stellantis failed to respond.

On the basis I haven't been provided with any further information to change my decision I still consider my provisional findings to be fair and reasonable in the circumstances.

My final decision

For the reasons set out above, I've decided to uphold Ms C's complaint.

To put things right, Stellantis Financial Services UK must:

- Treat the agreement as being a rejection rather than a termination and update internal and external records to reflect the same;
- Collect the car at no cost to Ms C;
- If applied, remove any termination related fees from the agreement;
- Refund the cash deposit*;
- Refund any payments paid from June 2024 onwards;
- Refund the amount paid for the independent inspection report (evidence will be provided);
- Pay 8% simple interest on the above refunds from the date of payment to the date of settlement*;
- Remove any adverse information about this agreement from Ms C's credit file;
- Pay £450 compensation to Ms C for the trouble and upset caused**.

*If Stellantis Financial Services UK Limited considers tax should be deducted from the interest part of my award it should provide Ms C with a certificate showing how much it has taken off, so Ms C can reclaim that amount if she is entitled to do so.

**Stellantis must pay the compensation within 45 days of the date on which we tell it Ms C accepts this final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 6 January 2025.

Simona Reese
Ombudsman