

The complaint

Mr F complains about the quality of a used car he acquired through a conditional sale agreement with Stellantis Financial Services UK Limited trading as Vauxhall Finance ('Stellantis').

Mr F says the car wasn't fit for purpose as it has a problem with the engine. He would like the car to be fully repaired. Or to return it to the dealership and have the payments refunded to him for when he couldn't use the car.

What happened

Mr F's complaint is about the quality of a car he acquired in December 2021. The car was new.

Mr F acquired the car using a conditional sale agreement that was started in December 2021. The vehicle had a retail price of £19,740 and all of this was financed. The agreement was to be repaid through 47 monthly instalments of £285.38, and then a final instalment of £8,510. If Mr F made the repayments in line with the credit agreement, he would need to repay a total of £21,922.86.

Mr F has complained about the quality of the car. Below is a summary of the issues complained about by Mr F, and the investigation and repair work that has been carried out by an independent garage and the dealership, alongside what has happened in respect of the complaint.

In May 2024 Mr F says the car developed an engine fault. He took it to an independent garage who said that the engine was abnormally worn. The invoice for this work says that:

'Vehicle presented with running fault, and occasional difficult starting. Upon plug in, fault code for Exhaust Camshaft Sensor found (historic). Tested sensor, found to be performing – possible intermittent fault.'

'However, upon checking vehicle further, engine noise was noted on first start up. Oil checked and topped up (1.5 Ltrs). Vehicle seems to be using excessive amount of oil. Inspection of oil noted metallic particles indicating accelerated wear. Advise customer to get health check on engine with dealer as abnormal wear detected for vehicle mileage, and symptoms indicative of possible internal engine fault.'

The car had travelled 31,992 miles at this time.

Mr F then asked the dealership to look at the car. He said that the dealership told him that the car needed a new engine due to an internal fault. He also said he was told that the fault wouldn't have been found at the car's regular service, and it would have happened whether the car had been serviced or not. I've not been provided with full information about what the fault is.

But, as far as I can see the dealership, or the manufacturer, has said that it won't replace the engine as Mr F didn't provide a service history. There is no further information about this as Stellantis didn't respond to our requests for information.

Mr F complained to Stellantis about the faults with the car but, as far as I've been made aware, Stellantis didn't provide a substantive response to Mr F. Mr F brought his complaint to the Financial Ombudsman Service.

Our Investigator upheld Mr F's complaint. He said that, even though Stellantis hadn't provided full information it was reasonable to say that the car wasn't of satisfactory quality. He thought that Mr F should now be able to reject the car and receive compensation based on this.

Mr F agreed but Stellantis didn't respond to our Investigator. Because Stellantis didn't agree, the 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated conditional sale agreement – so we can consider a complaint relating to it. Stellantis as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

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 – considering any description of the goods, the price and all the other relevant circumstances. So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the car's history.

The quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of this.

Here, the car was acquired new. 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.

Was there a fault with the car and was it of satisfactory quality

Even though it's not entirely clear what the problem with the car is, I think the invoice from the independent garage, and the surrounding information, is enough to say that the car has a significant engine fault. And it now needs a new engine. I've thought about whether this means the car was of unsatisfactory quality.

As a starting point this was a car that was about two and a half years old and had travelled about 32,000 miles when the engine failed. This is very premature for this type of failure which indicates to me that it wasn't of satisfactory quality.

There is some indication that the car has been poorly maintained in that Mr F has said the dealership told him that it won't repair the car due to a lack of service history. I don't know whether the car has been serviced regularly or not.

But Mr F also said the dealership told him that if the car hadn't been serviced that the fault would still have occurred. So, the information I have is inconclusive that any lack of servicing (if the car hasn't been serviced) could be a contributing factor to the engine failure.

And if Stellantis had wanted any party to the complaint, or the Financial Ombudsman Service to consider this further it did have multiple opportunities to ask us to do this or provide more information. But it hasn't responded to, as far as I can see, almost all communications to it about this complaint.

So overall, given everything I have been provided, I think it's reasonable to say on the balance of probabilities, that any lack of servicing didn't cause the engine problems. As the engine failure was very premature, I agree it's likely that the car wasn't of satisfactory quality.

I've thought about what Stellantis should have done to put this right. Where the consumer has had the car more than six months and it develops a problem, that makes it of unsatisfactory quality, a repair is usually a good starting point. But Section 32 of the CRA says about this:

'If the consumer requires the trader to repair or replace the goods, the trader must – (a) do so within a reasonable time and without significant inconvenience to the consumer'

As far as I am aware Stellantis, or the dealership, have not repaired the car (or taken any action at all), so a repair has not been done in a reasonable time. And Mr F has been left with a car that he cannot use for a significant period.

So, I agree that Mr F should now be able to reject the car. Stellantis didn't respond to our Investigators findings about this issue and so I don't need to comment further on this.

Mr F says that he has been unable to use the car properly since the engine problem was diagnosed as he is unable to drive it at higher speeds. I agree that a refund of 10% of his finance repayments from 20 May 2024 to 29 November 2024, for the impaired use of the car due its poor quality, is fair compensation for this.

Mr F has been unable to use the car from 29 November 2024 as he has not been able to obtain an MOT for it. I can see he has informed the DVLA that the car is off road. So, I also agree that Mr F should have the finance payments he made after this time refunded to him.

Mr F paid £42.80 to have the car looked at by an independent garage. This extra expense came about because the car wasn't of satisfactory quality. So, I think it would be fair and reasonable for Stellantis to pay this.

Mr F has had to arrange for the car to be looked at several times. He has been left with a car that he cannot use, and no alternative means of transport was provided, for a very long period. He says that all of this has caused him some distress and inconvenience and I agree that this is likely to be the case. And it must have been very frustrating when Stellantis didn't properly respond to much of his communications. I agree that Stellantis should pay Mr F £300 compensation for this.

Putting things right

I uphold this complaint against Stellantis and it should now:

- End the agreement with nothing further to pay.
- Collect the car (if this has not been done already) at no further cost to Mr F.
- Refund all the finance payments Mr F paid from 29 November 2024 to the date of settlement.
- Refund 10% of the finance payments made between 20 May 2024 and 29 November 2024.
- Pay Mr F £42.80 for additional expenses incurred.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- Pay £300 for any distress or inconvenience that's been caused due to the faulty goods.
- Remove any adverse information from Mr F's credit file in relation to the agreement.

If Stellantis considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr F how much it's taken off. It should also give Mr F a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I uphold Mr F's complaint. Stellantis Financial Services UK Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 31 July 2025.

Andy Burlinson
Ombudsman