

The complaint

Miss M is unhappy that a car supplied to her under a hire purchase agreement with Stellantis Financial Services UK Limited was of an unsatisfactory quality.

What happened

In February 2023, Miss M was supplied with a used car through a hire purchase agreement with Stellantis. She paid an advance payment of £1,500 and the agreement was for £14,357 over 46 months; with 45 monthly payments of £280.48 and a final payment of £6,750. At the time of supply, the car was just over four years old, and had done 8,725 miles (according to the supplying dealership's invoice).

Miss M had problems with the car, and it was investigated by a different branch of the dealership in November 2023 for a "*grinding/knocking noise*" when the car turned a corner. At the time of this inspection the car had done 11,456 miles – around 2,700 miles after being supplied to Miss M. The alternator was replaced under warranty.

This didn't resolve the issue with the grinding/knocking noise, and the supplying dealership replaced the actuator and clutch in February 2024, when the car had done 12,281 miles. Miss M said that, despite this second repair, the noise remained. She complained to Stellantis, but they failed to respond to her complaint.

Unhappy with what had happened, in April 2024 Miss M part-exchanged the car and settled the agreement with Stellantis. However, she also brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said the issues with the car, requiring a replacement alternator and clutch at less than 12,500 miles meant the car wasn't sufficiently durable when it was supplied to Miss M. So, the car wasn't of a satisfactory quality at the point of supply, and Stellantis needed to do something to put things right.

As two attempts to repair the car had failed, the investigator said that Stellantis should treat when Miss M settled the agreement as a rejection and refund the advance payment Miss M paid. The investigator also said that Stellantis should refund Miss M 5% of the payments she'd made from November 2023 (when the car first developed the fault); refund the £133.10 Miss M paid for her alternate transport costs while the car supplied to her was being repaired and she didn't have a courtesy car; and pay her £150 for the distress and inconvenience she'd been caused.

However, as the part-exchange price Miss M obtained was £200 more than the settlement amount, and this is something that she wouldn't have had if Stellantis had allowed her to reject the car as she originally requested; Stellantis can reduce the total compensation by £200 to account for this.

After clarifying some points, Miss M accepted the investigator's opinion. However, Stellantis didn't respond to this. In line with our approach, their lack of response is considered to be a rejection of the investigator's opinion, and the matter has been passed to me to decide.

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. Miss M was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

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 goods, Stellantis 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 Stellantis can show otherwise. So, if I thought the car was faulty when Miss 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 Stellantis to put this right.

The evidence I've seen shows that the alternator, actuator, and clutch needed to be replaced on the car before it had done 13,000 miles. And, from what I've seen, this didn't resolve the issues with the car. I think it's fair to say that no reasonable person would expect these parts to fail in a car of this age and mileage. So, in the absence of any evidence from Stellantis to the contrary, for example an independent engineer's report, I'm satisfied the car wasn't sufficiently durable when it was supplied to Miss M. And this makes it of an unsatisfactory quality, and Stellantis need to do something to put things right.

Putting things right

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.

The CRA is clear that, if the single chance at repair fails, as was the case here, then Miss M has the right of rejection. Whilst Miss M having part-exchanged the car makes it impossible for the car to now be rejected, to reflect what should've happened, Stellantis should treat this

agreement as being closed due to rejection, and not early settlement. And they should amend their records, and if applicable Miss M's credit file, to reflect this.

This also means that, as Miss M benefitted by £200 on the part exchange value that she wouldn't have received had the car been rejected (as she wanted), Stellantis should be allowed to adjust any payments they need to pay to Miss M to reflect this.

Miss M has been able to use the car while it was in her possession. And, with the exception of a period totalling three weeks, while it was being repaired she was also provided with a courtesy car to keep her mobile. Because of this, I think it's only fair that she pays for this usage.

However, given the issues with the car since November 2024, I'm also satisfied Miss M's usage and enjoyment of the car has been impaired. Because of this, I also think it's fair that Stellantis refund some of the payments Miss M made. And I think 5% of the payments made fairly reflects the impaired use caused by the car not being of a satisfactory quality. In addition to this, Stellantis should also refund the alternative transport costs Miss M incurred for the time she wasn't in possession of either the car supplied by Stellantis or a courtesy car.

Finally, I think Miss M should be compensated for the distress and inconvenience she was caused by the above. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended Stellantis pay Miss M an additional £150, to recognise the distress and inconvenience she's been caused by the complaint. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Miss M would've felt by having to arrange for the car to be repaired, and by this repair being unsuccessful. But I also think it reflects that Miss M was only in possession of the car for a short period of time while it was exhibiting the faults. So, this is a payment I'm directing Stellantis to make.

Therefore, if they haven't already, Stellantis should:

- treat the agreement as having ended due to the car being rejected for being of an unsatisfactory quality, and amend all records to reflect this;
- remove any adverse entries relating to this agreement from Miss M's credit file;
- refund the deposit Miss M paid (if any part of this deposit is made up of funds paid through a dealer contribution, Stellantis is entitled to retain that proportion of the deposit);
- upon receipt of proof of payment, refund the £133.10 alternate transport costs Miss M incurred in November 2023 and February 2024;
- refund the equivalent of 5% of the payments Miss M paid between 17 November 2023 and when the agreement ended;
- apply 8% simple yearly interest on the refunds, calculated from the date Miss M made the payment to the date of the refund[†]; and
- pay Miss M an additional £150 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Stellantis must pay this compensation within 28 days of the date on which we tell them Miss M accepts my final decision. If they pay later than this date, Stellantis must also pay 8%

simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

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

Stellantis may reduce the overall compensation paid by £200 to reflect the amount Miss M benefitted from part-exchanging the car rather than rejecting it.

My final decision

For the reasons explained, I uphold Miss 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 Miss M to accept or reject my decision before 28 May 2025.

Andrew Burford
Ombudsman