

## **The complaint**

Mr K complains about a car he leased with Stellantis Financial Services UK Limited trading as Free2Move Lease ('SF').

## **What happened**

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

In January 2021 Mr K took out a lease agreement for a hybrid electric car with SF.

Mr K says that SF has caused him detriment by supplying him a car that was not of satisfactory quality. He says the battery became faulty and it took many months to get a replacement. During this time he was only able to drive the car on petrol, rather than utilise the hybrid electric feature.

Mr K complained to SF but it didn't provide him with a substantive response – so he escalated his concerns to this service. He added that SF's customer service had been poor in resolving the issue with the car.

Our investigator upheld the complaint. She recommended a partial refund of rentals to reflect the issue with the battery. And a payment of compensation to reflect the distress and inconvenience caused by the breach of contract by SF (and the resulting customer service issues).

SF did not respond to our investigation so 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

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 to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer hire agreement. As such, this service is able to consider complaints relating to it. SF is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 is of particular relevance 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".

The Consumer Rights Act 2015 says the quality of goods are satisfactory if they 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. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The Consumer Rights Act 2015 ('CRA from now on') says 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 the quality of goods.

SF supplied Mr K with a new car. 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.

From the evidence I have seen, including Mr K's testimony, information from the dealer and contact notes with SF I am persuaded that Mr K appears to have had an issue with the internal traction battery starting in early February 2024. Which was discovered first by an engine management light illumination on the dashboard, and traced via the dealership's diagnostics process.

I note that when the fault occurred Mr K had been using the car for about three years and had covered almost 41,000 miles. I note that SF has indicated that the mileage covered by Mr K may indicate 'arduous use' which will cause 'parts to wear faster than expected'.

At this age and mileage there is of course some expectation that things will wear out and need replacing. However, it would not be expected for major parts to fail at this stage – as the car was not particularly old or high mileage still. Major parts are expected to be more durable. I am persuaded that the battery we are talking about here is not a traditional car battery – but a hybrid traction battery that is expected to last much longer – and is also much more expensive to replace (I note the end cost to replace it was about £5,000).

Firstly, a reasonable person is unlikely to expect to replace a part costing this much in a three year old car that had done around 41,000 miles. Secondly, the dealer has confirmed that the warranty that comes with the battery is 8 years or 100,000 miles and that the failure of Mr K's battery 'likely hits the requirement for premature failure'. Which, in the absence of persuasive evidence to the contrary (SF has not supplied any) satisfies me that Mr K's battery was not reasonably durable in the circumstances and rendered the car which SF supplied of unsatisfactory quality in respect of the CRA.

I am satisfied there is a breach of contract which SF is liable for here. So I turn to a fair remedy. Here I note that Mr K's battery was replaced under warranty at no cost to him. Which prima facie, seems like a fair remedy under the CRA here. Mr K also appears to have accepted that repair was a satisfactory remedy – but he was upset about having to wait so long to get it done. It appears he had to wait for the part– and eventually got the car repaired by the dealer in early October 2024.

During the time Mr K waited for the repair he was still able to use the car and covered around 7,000 miles in it. So my starting point is he should still be liable for the majority of the monthly rentals under the lease agreement during this period. However, I do accept that Mr K had lost out during that period in respect of the hybrid functionality of the car. Mr K makes the point that the car would have been less efficient during this period and cost him more in fuel.

I am satisfied the hybrid functionality would have likely made the car more efficient, however, it is difficult to know exactly how much more Mr K incurred in respect of fuel costs as a result of not having it for a period. Particularly in the absence of receipts showing costs during this period, and when the functionality was operating. So judging the extent of his impaired use is not easy. But my role here is informal, so I have looked to come to an outcome that is broadly fair and reasonable. I note our investigator has suggested Mr K get back 15% of his monthly payments from February to September 2024 as a way of reflecting the overall impaired use by losing out on the hybrid functionality. In the absence of persuasive evidence from either party that this is unfair, it doesn't strike me as unreasonable. Mr K appears to broadly agree with this, and has not persuasively shown his impaired use is greater. While SF has not persuasively shown that this is an unfairly high figure. In the circumstances, I think this is fair and reasonable.

Mr K has been caused distress and inconvenience by this situation. He has said he wanted a hybrid to reduce his environmental impact – so was clearly frustrated at losing this functionality for an extended period of time. I can also see that he reached out to SF at an early stage about the issue – but I can't see persuasive evidence that he was given much support, such as assistance with expediting repairs, or assistance with a courtesy car. Mr K says that there were points he tried calling SF multiple times and either couldn't get through or it didn't call him back. SF has not provided persuasive evidence to refute these claims, so it seems likely.

In order to decide fair redress I have considered our approach on awarding compensation for distress and inconvenience as published on our website. In doing so I consider SF's error has caused Mr K more than a minimal impact, and it has required a reasonable effort to sort out, with the distress and inconvenience lasting many months. After doing so I think that the award recommendation by our investigator of £250 is fair and reasonable. Noting that neither party has made submissions that would persuade me otherwise.

### **Putting things right**

See below.

### **My final decision**

I uphold this case and direct Stellantis Financial Services UK Limited trading as Free2Move Lease to:

- Refund Mr K 15% of each monthly rental relating to the months of February 2024 to September 2024;
- pay 8% simple yearly interest on each refund calculated from the date of payment to the date of settlement; and
- pay £250 compensation.

If SF considers it should deduct tax from the interest element of my award it should provide Mr K with a certificate of tax deduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 August 2025.

Mark Lancod  
**Ombudsman**