

The complaint

Mr M complains about the quality of a new car he acquired through a hire purchase agreement with RCI Financial Services Limited trading as Mobilize Financial Services ('Mobilize'). Mr M says that after the first few months he noticed the car had a lot of faults, and these have not been repaired. He would like to return the car.

What happened

Our Investigator thought the complaint should be upheld. Mobilize disagreed with the Investigator's opinion. The complaint was then passed to me.

I issued my provisional decision saying that Mr M's complaint should be upheld but I thought the compensation should be amended slightly from what the Investigator recommended. A copy of the background to the complaint and my provisional findings are below in italics and form part of this final decision.

What I said in my provisional decision:

Mr M's complaint is about the quality of a new car he acquired in June 2023. Mr M acquired the car using a hire purchase agreement that was started in June 2023. The vehicle had a retail price of £27,858.58 and Mr M purchased some extras that increased the invoice amount to £29,837.58. Mr M paid a deposit himself and he received a deposit contribution and a part exchange allowance that totalled £4,962.66 meaning £24,874.92 was financed.

This agreement was to be repaid through 47 monthly instalments of £340.31 followed by a repayment of £340.40 and then a final instalment of £13,890.72. If Mr M made repayments in line with the credit agreement, he would need to repay a total of £35,188.35.

Mr M has complained about the quality of the car. Below is a summary of the issues complained of by Mr M and the investigation and repair work carried out by the dealership. This has been collated from the car history provided by Mobilize and the jobsheets, and video evidence provided by Mr M and Mobilize. Alongside what has happened in respect of the complaint.

In February 2024 Mr M reported concerns with the air conditioning saying this remained on when it was turned off, and this was affecting the car's fuel consumption. He thought the fuel consumption gauge was faulty. He also said the alarm was activating at random times and the wing mirrors could be unresponsive.

The car was looked at by the dealership and there is a jobsheet from March 2024 which shows that the ultrasonic wiring was modified. This was to repair the alarm activating. Mr M says that this didn't resolve the issue with the alarm and the car was taken back to the dealership later on.

The jobsheet from June 2024 shows the alarm was fixed and Mr M has confirmed that the alarm hasn't caused any further issues since this time. There is a second job sheet from June 2024 which shows that the car was inspected, the tyres were inflated, and the car was cleaned.

Mr M says the wing mirrors and the air conditioning were still not operating correctly. There is a jobsheet from August 2024 which shows that the wing mirrors were not operating but were now repaired, the jobsheet said it 'looks like a switch had been moved and may be due to the car being washed.'

All of this work was completed under the car's warranty and at no cost to Mr M.

Mr M has provided video evidence of the alarm activating when it shouldn't (after he has accessed the car). A video that shows the wing mirrors not operating correctly and various videos that show the air conditioning operating whilst the controls are in the 'off' position.

I can't see that any repair or work has been completed in respect of the air conditioning. And Mr M has also said that the car's range, or miles per gallon ('mpg') display, is not accurate.

Mr M has complained to Mobilize outlining the faults that he had found with the car. Mobilize considered this complaint and it didn't uphold it. It said that any faults the vehicle had were repaired at the time and it wasn't demonstrated that the vehicle had an inherent fault when it was supplied to Mr M.

It also noted that the dealership had agreed to buy back the vehicle, but Mr M hadn't agreed to this as he felt he would be out of pocket.

Mr M didn't agree with this response from Mobilize and brought his complaint to the Financial Ombudsman Service.

Our Investigator upheld Mr M's complaint. He said that it was likely there was a fault with the car and as it had undergone an inspection and a repair had been attempted to the alarm system. This repair wasn't successful, and a second repair was needed. And it was likely that the car still had intermittent electrical problems. He thought that Mr M should be able to now reject the car rather than any further repairs be attempted.

Mobilize didn't agree with the Investigator. It noted that the evidence showing the car alarm activating was for a time before the car was repaired and it explained that there could be circumstances where the air conditioning would circulate air into the car when it was turned off.

There was some further correspondence, but no new issues were raised and agreement wasn't reached. It was agreed that the complaint would be passed to an Ombudsman to make a final decision.

Whilst the car was waiting for an Ombudsman to consider it, Mr M has confirmed that the wing mirrors and air conditioning are still intermittently faulty. And Mr M still thinks the estimated fuel usage information the car gives is incorrect.

And the car broke down in March 2025. It was recovered to the dealership, and it was repaired under warranty. I understand the car needed a new fuel pump. Mr M has noted that it took 21 days for the repair to be completed and he was without the car for this time.

What I've provisionally 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 hire purchase agreement – so we can consider a complaint relating to it. Mobilize 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

It's established that the car has had some faults. There have been two repairs to the alarm system and the wing mirrors have also been looked at by the dealership. And Mr M has reported ongoing, but intermittent, issues with the air conditioning and some potential problems with the fuel usage / mileage information.

Was the car of satisfactory quality bearing in mind the fault

I'm going to concentrate on the alarm in this decision. This is because there was a clear fault with it that needed repairing. And an alarm activating randomly is a serious issue that Mr M wouldn't have been able to ignore. And this could have made the car unsafe if this happened when he was driving the car.

As this was a new car it shouldn't have a fault to this system very early on in the life of it. I think this meant the car wasn't of satisfactory quality and didn't conform to the contracts that were started. So, Mr M had the right to have the car repaired.

Section 24 of the CRA says that:

'A consumer who has the right to a price reduction and the final right to reject may only exercise one (not both), and may only do so in one of these situations - after one repair or one replacement, the goods do not conform to the contract'

The CRA doesn't say that there is one repair for each issue. It is one repair overall. But the alarm system wasn't repaired the first time it was looked at. So, I don't think it's in question that Mr M should have been offered a final right to reject the car. And the finance agreement should be unwound. As the repair to the alarm system he was entitled to was not successful.

And it's worth noting that Section 32 of the CRA says that:

'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'

So, the repair should have been done within a reasonable time frame and without significant inconvenience to Mr M. But it took until July 2024 for the car alarm to be repaired from when Mr M reported it in February of the same year. Which is around five months. This is too long, and it would have inconvenienced Mr M.

The remainder of the issues Mr M has complained about are, I think, less clear cut. Mr M has said the wing mirrors do not always work but the dealership has acknowledged this may be the case it's been unable to determine they are faulty. The information about the mpg may not be incorrect as the dealership says it is displayed differently to other car manufacturers. I accept that the wing mirrors could be faulty, albeit on an intermittent basis.

And Mr M has provided video evidence that shows the air conditioning working when turned off. Mobilize has said that this could be a normal function of how it works. But, I don't find Mobilize's explanation particularly persuasive, as I would expect an air conditioning system to not produce hot or cold air when it is turned off as Mr M's seems to do. But overall, I do think it's likely that this system is faulty, on an intermittent basis, and it adds to my being persuaded that Mr M should be able to reject the car.

Our Investigator thought that Mr M should receive back 50% of the amounts he had paid to Mobilize for the car. I think this is too high. Mr M, as he says, was able to drive the car without issue for several months at the start of his ownership. And whilst the alarm activating was a significant issue, it was repaired. And as I've said the other problems with the car are intermittent and wouldn't affected Mr M's usage of the car all of the time.

And lastly, and perhaps most importantly, Mr M had been able to drive the car for around 15,000 miles at the time of the last repair, so he has been able to drive it a reasonable amount and get what looks to be normal usage out of it, despite the problems he has had.

The intermittent electrical problems have no doubt affected his utility and enjoyment of the car. And I don't disagree that the air conditioning problems could have made the car uncomfortable at times and affected the car's fuel economy, if it was working when switched off. But I think a refund of 25% of his finance repayments from February 2024 onwards is reasonable.

I have noted that the car had a faulty fuel pump in March 2025. Whilst this was a further problem it wasn't linked to the earlier issues. It was probably premature in a car of this age, but issues like this can happen. And as I already think that Mr M should be able to reject the car I don't really need to consider this issue in any detail. I think the fact that the car needed this repair would have caused Mr M some inconvenience and I've increased what Mr M should receive for this below.

And Mr M was inconvenienced on several occasions by having to take the car back and forth to the garage. What's more, it seems his car was with the dealership for almost three weeks for the fuel pump repair. I can also imagine it would have been very frustrating and stressful for the problems to keep re-occurring as they did. So, I think £400 for the distress and inconvenience he experienced is fair.

Developments

Mobilize, and Mr M, received my provisional decision. They both confirmed they agreed with what I said in principle. Both sides provided further information about the proportion of the deposit that Mr M had paid.

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.

Mobilize and Mr M didn't raise any new points after receiving my provisional decision. So, I've reached the same conclusions I reached before, for the same reasons. That is the car wasn't of satisfactory quality and Mr M should be paid compensation because of this. Other than the deposit amount, both parties agreed with the compensation I said was fair.

Both parties provided information on what part of the deposit was paid by Mr M and I've amended the compensation below to reflect that, as requested by Mobilize.

Putting things right

I uphold this complaint against RCI Financial Services Limited and tell it to:

- End the agreement with nothing further to pay.

- Collect the car (if this has not been done already) at no further cost to Mr M.
- Refund Mr M's deposit/part exchange contribution of £2,962.66.
- Pay a refund of 25% of Mr M's finance repayments from February 2024 onwards.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- Pay £400 for the distress and inconvenience that's been caused due to the faulty goods.
- Remove any adverse information from Mr M's credit file in relation to the agreement.

If Mobilize considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr M how much it's taken off. It should also give Mr M 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 above and in the provisional decision, I uphold Mr M's complaint and direct RCI Financial Services Limited trading as Mobilize Financial Services to put things right for Mr M as directed above.

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

Andy Burlinson
Ombudsman