

The complaint

Mr D complains that the car he acquired through Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services (“VFS”), wasn’t of satisfactory quality. He is unhappy with the way it investigated his complaint, and he wants some compensation for the distress it caused.

What happened

Mr D entered into a hire purchase agreement in November 2023 to acquire a used car. The cash price of the car was £31,499, and the total repayable after taking account of Mr D’s deposit was £43,054.69 and was to be repaid through the credit agreement which was set up over a 48-month term with monthly payments of £524.03. At the time of acquisition, the car had already been driven nearly 25,000 miles and was just over four years old.

Mr D told us:

- He acquired a car in November 2023 and raised some concerns about it shortly afterwards, but his complaint was not dealt with thoroughly or quickly;
- it took VFS nearly eight weeks to look at his complaint and it didn’t contact him to better understand what his complaint was about;
- he wasn’t told about some of the other benefits and services he was entitled to including breakdown cover and the fact that the supplying dealership should’ve arranged to collect the car and provide him with a courtesy car without him having to insist on one;
- he’s unhappy with how his complaint was reviewed, the experience was distressing and the compensation offered had an ‘end-date’ by which time it needed to be accepted;
- he doesn’t think it’s fair that he had to contribute to some of the cost of repairs following the external damage to the car – VFS paid half of the costs that weren’t covered by the warranty, and he had to pay the balance – around £300;
- *“the impact of all this distress has been very challenging and cost him financially as well as mentally, and some compensation would be very helpful”.*

VFS rejected this complaint. It said that prior to the supply of the car, a full inspection had taken place, and no faults had been identified, and Mr D had signed a handover document to confirm this to be the position.

It said that Mr D had complained about a warning light on the dashboard in December 2023, but an assessment by a garage associated with the manufacturer could find no fault, and it couldn’t replicate the warning light. It did identify that one of the seat mechanisms was jammed and it repaired this proactively and at no cost to Mr D.

VFS said that in January 2024, another garage – also associated the manufacturer – had replaced two nox sensors due to a mechanical fault. And it confirmed that this work had been completed under warranty and at no cost to Mr D.

VFS said that the car was taken back to this second garage in February 2023 following a driving incident – it said that there was damage to the underside of the vehicle because the car had been driven through water. It said this driving incident had damaged the heatshield which had *“cut into the wiring of a nox sensor causing this to fail”*. It said this had caused secondary damage to the exhaust and a number of associated parts. VFS said the manufacturer had agreed to cover some of the repair costs, but it said that as Mr D was responsible for the driving incident, he would need to pay for the balance.

VFS said that the two nox sensors needing replacement in January 2024 were successfully fixed on the first repair conducted. But the failure of the nox sensor in February 2024 resulted from external damage to the vehicle following the driving incident, and it couldn't be held accountable for this.

VFS acknowledged the loss of enjoyment, and the frustration Mr D would've experienced with the faults and repairs undertaken before the driving incident, and it offered him £150 in recognition of this. And it told this Service it had subsequently made this payment to Mr D on 11 December 2024.

Our Investigator looked at this complaint and said she didn't think it should be upheld. She said she'd seen evidence in the form of Mr D's testimony, correspondence between Mr D and the supplying dealership and VFS, and invoices in respect of repairs undertaken, all of which confirmed that there were faults with the car, and they were as described by Mr D.

She explained the relevance of the Consumer Rights Act 2015 (“CRA”) in the circumstances of this case and said she didn't think the car supplied was of satisfactory quality. She noted that Mr D had accepted repairs and concluded that this remedy was reasonable and appropriate – they'd been completed quickly and at no cost to Mr D.

Our Investigator said although the dashboard warning light re-appeared in mid-February – and the car had been booked in for diagnostics the following week – it was unfortunate that the driving incident and resulting external damage happened before the diagnostics were undertaken. And this made it impossible for anyone to identify the cause of the warning light and whether there was any underlying fault. She explained that the repairs that then took place were a result of the driving incident and not a result of any failed previous repairs.

Mr D had said he was still experiencing issues with the car. Our Investigator advised him that he'd need to raise these issues as a new complaint with VFS and that our Service couldn't look at a complaint unless the business – in this case VFS – had been given the opportunity to look at it and resolve it first of all. And she explained that any complaint he had about the dealership and the service it provided would need to be taken up with it, and not VFS or this Service.

In conclusion, our Investigator said she was satisfied that VFS' compensation of £150 was fair and reasonable, and she didn't think it needed to do anything else.

VFS accepted the Investigator's opinion.

Mr D disagreed. He said that *“VFS did not fully review my complaint in a fair and just manner as I mentioned they only reviewed information from their side and did not request further information from me”*.

Our Investigator explained that *“this Service has the power to investigate complaints regarding regulated activities”* ... *“There is no regulated activity relating to complaint handling”*. And she explained that this meant she was not able to make a finding on how

VFS handled this complaint, only on whether it had reached a fair outcome from our independent point of view.

Mr D disagreed so the complaint comes 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 agree with our investigator – and I'll explain why.

I hope that Mr D won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an *informal* dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mr D should note, however, that although I may not address each individual point that he's raised, I have given careful consideration to all of his submissions before arriving at my decision.

Firstly, I must explain to Mr D that complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how VFS has investigated his complaint and his dis-satisfaction with it don't come under my powers to consider.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Mr D is a regulated consumer credit agreement this Service is able to consider complaints relating to it. VFS is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 ("CRA") there is an implied term that when goods are supplied "the quality of the goods is satisfactory". The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that 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 the goods. So, what I need to consider in this case is whether the car supplied to Mr D was of satisfactory quality or not.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless VFS can show otherwise. But, if the fault is identified after the first six months, then it's for Mr D to show the fault was present when he first acquired the car. So, if I thought the car was faulty when Mr D took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask VFS to put this right.

I don't think there's any dispute that Mr D has experienced problems with the car. That has been well evidenced by both his testimony and the information he's sent us. And the paperwork detailing the repairs that have been undertaken further confirms this.

But I'm of the view that, based on what I've seen, the dealership accepted liability at the outset – it covered the costs of the repairs – and that parties accepted that 'repair' was the

way forward. The dealership undertook those repairs, and they were completed at no cost to Mr D.

Mr D says that one of the repairs failed. He says that although the two nox sensors were replaced, the dashboard warning light re-appeared in mid-February. I've considered this very carefully, but I'm not able to make a finding in Mr D's favour. I'll explain why.

First of all, the illumination of a dashboard warning light is not itself a fault – it indicates that something *may* be wrong, and it signposts the driver to the fact that further investigations need to be carried out to determine *whether* there's a fault and, if there is, what is the cause of any fault. So Mr D took the right action in making an appointment for his car to be looked at on 19 February

Secondly, but more importantly, is the unfortunate timing and sequence of events. On 18 February, the day before the car was booked in for assessment, it broke down following a driving incident. This incident resulted in damage to the underside of the car which is said to have been the result of the car being driven through water.

One of the many repairs undertaken following this incident related to the nox sensors – the very component that was replaced when Mr D first reported the dashboard warning light illuminating some weeks earlier. Because the nox sensor was replaced following this driving incident, I've seen no evidence that it was assessed, and that a conclusion was reached about whether or not it had been faulty and whether or not it had caused the illumination of the dashboard warning light again a few days earlier.

And in the absence of this evidence, I simply cannot conclude that the reappearance of the illuminated dashboard warning light is either because of a fault that was present or developing at the point of supply; or is the result of a failed repair. And I'd need to be able to reach one of these conclusions to determine that Mr D has a right to reject the car, or that VFS needs to do something more to settle this complaint.

Now, it may well be the case that Mr D does not have full confidence in the repairs, or he fears that other faults may manifest themselves in the future. In this situation as it is more than six months since Mr D acquired the car, it would be for him to instruct a recognised independent engineer to inspect it.

In the event an independent engineer concluded that the repairs had not been successful - they'd not addressed the original fault, or alternatively, the engineer identified further faults that were likely *present or developing at the point of supply*, then Mr D could bring a new complaint directly to VFS. In these circumstances, most businesses would accept rejection of the vehicle and reimburse their customer for the cost of the independent inspection.

Looking at everything that's happened, I'm satisfied that FVS settled this complaint fairly when it paid Mr D £150 in compensation for the distress and worry he experienced.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 25 June 2025.

Andrew Macnamara
Ombudsman