

The complaint

Mrs S complains that the car she acquired financed through a hire purchase agreement with Stellantis Financial Services UK Limited wasn't of satisfactory quality.

What happened

On 11 January 2024 Mrs S acquired a used car financed through a hire purchase agreement with Stellantis.

Mrs S said the day after she collected the car she was driving along and the car juddered and the engine light was flashing. She called the supplying dealer to inform it of the issue and a member of staff drove out to witness the problem. The car was booked in for repairs. In the interim however on 18 January 2024 the car wouldn't start so Mrs S called the recovery service who told her the battery was dead. She paid £150 for a new one. Mrs S said she dropped the car off at the dealer and was informed it needed new spark plugs and coil pack.

In April 2024 Mrs S said the same issue re-occurred. On 6 May she took it to an independent garage and didn't tell the garage the car's history. She was told later that day that the car needed new spark plugs and coil pack. She said work was carried out that day at a cost of £335 which she paid herself. She complained to the dealer. The dealer advised that she could reclaim the repair costs from the warranty company.

On 5 July the car started experiencing the same problem for a third time. She said she drove it to the dealer and the car was booked in. Mrs S said she was offered an appointment on 25 July but there was no courtesy car available.

Mrs S said she was advised by the dealer to inform the finance company and on 10 July lodged a complaint. She wanted to reject the car. In its final response Stellantis said as the supplying retailer had confirmed the vehicle was back with Mrs S and all issues rectified it did not uphold Mrs S's complaint.

Mrs S didn't agree and brought her complaint to this service. She said she wanted to get rid of the car but didn't think it was fair she should lose much money on it. She also wasn't happy that Stellantis hadn't asked her for any information about the car or spoken to her about the faults despite experiencing the same problem three times. Mrs S said she had serious health issues so it was important for her to have a car. She said she'd had no confidence in getting the car back from B when she needed it and she'd had to borrow a car.

While the complaint was with this service Mrs S received a refund from the warranty company for the two repairs she'd had done, £150 for the battery and £332.44 for the independent garage. Also while the complaint was with this service the car had to go back to the dealer again for a new temperature sensor on the exhaust which had been causing the car to overheat. The garage then informed Mrs S that they fixed what they thought the problem was but the car had broken down on a test drive. The garage informed Mrs S that the head gasket had gone. The car was eventually fixed under warranty.

Our investigator concluded the car wasn't of satisfactory quality and that Stellantis should put things right. Stellantis did not reply to our investigator's view so it has come to me for a decision.

Mrs S has said that while the car has now been repaired again she still wanted to reject it.

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 the investigator's conclusions for the reasons I've outlined below.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time. Mrs S's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Stellantis, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mrs S. Whether or not it was of satisfactory quality at that time will depend on several factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mrs S was about four years old, had been driven for 37,130 miles and had a price of £15,844. In addition to the hire purchase agreement to cover the cost of the car Mrs S also had a loan for gap insurance and extended warranty included on the agreement.

Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on several factors.

If I am to decide the car wasn't of satisfactory quality, I must be persuaded faults were present at the point of supply. Faults that developed afterwards are not relevant, moreover even if the faults reported were present at the point of supply this will not necessarily mean the car wasn't of satisfactory quality.

This is because a second-hand car might be expected to have faults, for example from wear and tear but this will not necessarily mean the car is not of satisfactory quality.

I'm persuaded there is or at least was a problem with the vehicle. In its final response Stellantis quoted the supplying dealer who stated that the vehicle was now back with the customer and all issues were rectified. It said it was delighted to hear that Mrs S had her vehicle back following repairs and apologised for the inconvenience. So I'm persuaded Stellantis has accepted there were issues with the car. The car has been back to the supplying dealership several times. I haven't seen the job sheets but Mrs S assist testimony is supported by email correspondence with the dealer.

I've seen an invoice dated 7 May 2024 for the engine management light warning and a misfire. Coil packs; cylinder one and three defective; removed spark plugs and checked cylinder compression; replace cylinder one and three coil packs and spark plugs. The warranty company has refunded this invoice.

I've seen an invoice for a new battery which was needed very shortly after Mrs S acquired the vehicle. And I've seen an invoice dated 27 November for the head gasket, head

skimmed, timing belt and water pump at a cost of £2282.30 which was paid for under warranty.

So I'm persuaded there were problems with the vehicle almost from the start including repeated issues with the spark plugs and coil pack.

Stellantis has said that Mrs S reported her issues to it outside the first 6 months of the agreement, so didn't have anything to evidence the vehicle was not of satisfactory quality from the point of sale. It said it was aware there were three issues that presented but that it wasn't clear whether they were linked. It said it hadn't received job cards but it did receive confirmation that Mrs S received the vehicle back in working order and thus closed its case.

Stellantis also said the vehicle was five years old at point of supply, and the likelihood of parts and fluids wearing/requiring replacement would be higher after the initial few years since manufacture.

Mrs S may have raised a complaint with Stellantis outside of the first six months of the agreement but she raised problems with the vehicle with the supplying dealership almost from the moment she acquired it. And the dealer tried twice to fix what appears to be a repeating issue. I've seen a copy of an email from Mrs S to the dealership dated 9 May. Mrs S says:

"After our telephone conversation on Tuesday 7th May I have attached a copy of the invoice for the repair that was carried out. I am alarmed that the same issue has happened again only 10 weeks after it was fixed by yourselves previously, I hope this was just unfortunate and not something that is going to re-occur again otherwise it means there's obviously an underlying issue and I'd like it investigated further. I do hope you are able to reimburse me of this cost as car was still under warranty as only bought in January."

The dealer replied:

"I have submitted a request to warranty to get this refund, this may take up to five working days to get a response. If we get this approved I will arrange getting this invoice refund back to you."

So I'm persuaded that the dealership was aware within six months that Mrs S was having repeated issues with the vehicle and was concerned there was an underlying problem. I've not seen an independent inspection, but the evidence presented to me has persuaded me that there were faults in the vehicle and because they establish themselves almost immediately I'm persuaded they were present or developing at the point of sale. And I think it likely the car was not of satisfactory quality at that point. The dealer is entitled to one repair of the vehicle and I'm satisfied it had that one repair and despite the car running at the moment I think it fair and reasonable that Mrs S be allowed to reject the car.

Putting things right

Mrs S hasn't been able to use the car between November 2024 and January 2025. So I think it fair and reasonable that payments made from November onwards are refunded. Mrs S has had impaired use since January and I agree with the investigator that 50% refund of the payments made from January should be refunded to reflect the fact she's had fair but compromised use of the car. Stellantis should also refund Mrs S £105 she is out of pocket

for the recovery service which hasn't yet been reimbursed.

Mrs S has told us about the impact this situation has had on her especially as she has a serious health condition and is dependent on her car for treatment. Including being on call for urgent surgery. Mrs S has also been stranded on the motorway in cold conditions waiting for recovery of the vehicle. She has not been given a courtesy car despite the garage having to fix the car several times she's had to hire a car. This situation has been exacerbated by Stellantis not investigating the issues with the car properly.

Our investigator recommended Stellantis pay Mrs S £600 in compensation to reflect the significant impact the situation has had on her. I am in agreement with this and I find it fair and reasonable in the circumstances.

To put things right Stellantis Financial Services Limited must:

- end the agreement with nothing further to pay
- collect the car (if this has not been done already) at no further cost to the customer
- refund the customer's deposit/part exchange contribution of £3000
- refund the customer all rentals for the period from 24 November 2024 to the date of settlement as the customer reasonably stopped using the car at this point
- pay a 50% refund of monthly payments as directed in the findings to cover any other loss of use, or impaired use, of the car because of the inherent quality
- refund the £105 recovery cost paid on 25 November 2024
- pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement
- pay a further amount of £600 for any distress or inconvenience that's been caused due to the faulty goods
- remove any adverse information from the customer's credit file in relation to the agreement.

My final decision

my final decision is that I uphold this complaint and Stellantis Financial Services Limited must put things right as set out above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 28 February 2025.

Maxine Sutton
Ombudsman