

## The complaint

Mr G complains that the car he acquired through Stellantis Financial Services UK Limited ("SFS") wasn't of satisfactory quality. He says he's experienced issues with the gearbox and clutch due to excessive wearing. Mr G wants SFS to pay for the repairs or accept rejection of the car and terminate the finance agreement.

Mr G is represented in his complaint. For ease of reading, any reference to "Mr G" refers to the testimony of both Mr G and his representative.

## What happened

Mr G entered into a hire purchase agreement in June 2023 to acquire a used car. The cash price of the car was £12,616, and with an advanced payment of £4,100, the credit provided to Mr G was £8,515. The credit agreement was set up over a term of 48 months and Mr G's monthly payments were set at £160.62, so that if the agreement ran to term, then the total repayable under it would be £16,082.14. At the time of acquisition, the car was nearly four years old, and had been driven just over 51,000 miles.

Mr G told us:

- In April 2024, he returned the car to the supplying dealership with a suspected failed clutch, but it advised him that there was a fault with the master cylinder, but he has since identified the issue as being a fault with the crankshaft that will require an engine replacement, at a cost of around £8,000;
- the supplying dealership confirmed that this is an engine defect that it not attributable to driver error;
- although he had a courtesy car for a period of time, this needed to be returned, and without it, he wouldn't be able to travel to and from work;
- he asked SFS to replace or repair the engine at no cost to himself.

SFS rejected this complaint. It said that because the problems with the car did not materialise within the first six months after acquisition, the burden was on Mr G to prove that the car was faulty at the point it was supplied. SFS said it had asked the supplying dealership to assist it in assessing the merits of the complaint because it would be best qualified to address issues of a manufacturing or technical nature for SFS, and it would have actual knowledge of the condition of the vehicle at the point of sale.

It said it understood that the crankshaft had excessive end float; too much side-to-side movement, caused by internal fail, wear in the engine, with no way to remedy this except with a full engine replacement. It went on to say that in view of the cost, it understood that Mr G had taken the car away, and that by having repairs done to the car elsewhere, SFS couldn't comment on the quality of those repairs.

SFS told this Service that *"it's worth noting that the vehicle was around four years old at the point of sale so it's safe to assume parts will start to wear if not already, at this stage [sic]"*.

Unhappy with SFS' response, Mr G asked this Service to look at his complaint. And he told us that, other than buying replacement tyres, he'd never had any repair work undertaken anywhere other than at the supplying dealership. Moreover, he said the car hadn't been repaired at all – it was undriveable, and on his parents' driveway.

Our Investigator reviewed the file and explained the relevance of the Consumer Rights Act 2015 (CRA) in the particular circumstances of this case. She explained that because the fault with the car arose more than six months after Mr G acquired it, she'd need him to obtain some independent evidence to persuade her that the fault was present or developing at the point of supply.

Mr G provided two pieces of additional evidence;

- a statement from the supplying dealership that said *"car requires new engine due to excessive crankshaft end float. This is down to mechanical failure not driver error"*;
- an expert opinion from an independent engineer that had examined the car. This opinion confirmed the supplying dealership's analysis and went on to state that this particular failure is not uncommon in this make and model of car; it is a result of a design weakness, and it not related to driving style or operation. The report concluded that *"modern vehicles with this type of mileage should not suffer this type of failure"*.

Our Investigator shared this information with SFS, but received no response, so she formed her view on the information before her and said that she thought this complaint should be upheld. She said there were clearly things that had been wrong with the car, and she didn't think that SFS had acted fairly in the circumstances.

She said that the independent report highlighting a known manufacturing issue persuaded her that the fault was present or developing at the point of supply. She went on to consider the car's durability, and in summary said, she didn't think it was reasonable for a car of this age and mileage to experience a fault of this nature requiring full engine replacement. In short, Mr G ought to have been able to expect the car to have run for a longer period without needing such significant repairs – so it likely was not of satisfactory quality when supplied.

Our investigator set out what she thought SFS needed to do to put things right, and she asked SFS to pay Mr G some compensation for the distress and inconvenience it had caused.

SFS hasn't responded or agreed to our Investigator's view sent on 9 January 2025, and it didn't respond when our Investigator contacted it again on 24 January, and again on 11 February, 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 considered all the evidence and testimony afresh, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain why.

The hire purchase agreement entered into by Mr G is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. SFS is also the supplier of the goods under this type of agreement, and it 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 – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car’s history. The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

I’ve seen evidence in the form of testimony from Mr G, as well as copies of detailed estimates of required work put together by the supplying dealership that support the timeline of issues and events that he describes.

Taking all this into account, I’ve concluded that based on the limited time that Mr G had the car when the fault arose, the car supplied by SFS was not suitably durable. Put simply, a reasonable person would not expect to experience these very significant problems in a car of this age, and so soon after acquiring it.

In summary, the car should not have required a complete engine replacement in such a short period of time. So, on balance, I don’t think the car was durable and it therefore wasn’t of satisfactory quality when supplied.

Next, I’ve gone on to consider what SFS needs to do to put things right. Like our Investigator, I’ve also concluded that the more than £8,000 cost of repairs likely exceeds the value of the car, and so it would not be fair, reasonable, or appropriate to require SFS carry out repairs. Moreover, the independent engineer opined that a repair of this nature is not likely to be successful and fix the underlying problem. And in the event that it *appeared* to be successful, the repair would likely fail in due course. Because of this, I’m going to instruct SFS to accept rejection of the car and end the associated finance agreement. It will also need to refund Mr G’s costs in getting the fault investigated and diagnosed.

There still remains the issue of compensating Mr G for the period in which he was unable to use his car, and for the distress, worry, anxiety and inconvenience that he’s experienced.

Mr G has described in some detail the anxiety that he felt because of what happened, even though he continued paying his monthly payments as set out in the credit agreement. And he’s told us about how this impacted his work and his day-to-day life. I’m satisfied that he paid for a car that he wasn’t able to use, and he experienced a loss of enjoyment in terms of using the car. Because of this, I’m going to ask SFS to pay him some compensation in recognition of the anxiety and worry it caused.

### **Putting things right**

I direct Stellantis Financial Services UK Limited to put things right by doing the following:

- ending the agreement with nothing further to pay;
- removing any adverse information from Mr G’s credit file in relation to the agreement;
- collecting the car (if this has not been done already) at no further cost to Mr G;
- refunding Mr G the deposit/part exchange contribution of £4,100;
- refunding Mr G all rentals for the period from 30 May 2024 to the date of settlement as he had reasonably stopped using the car at this point;
- refunding the costs Mr G has incurred for diagnostics and independent reports (our Investigator will send SFS copies of these that we have on file;

- paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement;
- paying a further amount of £200 for the distress and inconvenience that's been caused due to the faulty goods.

\*HM Revenue & Customs requires Stellantis Financial Services UK Limited to take off tax from this interest. Stellantis Financial Services UK Limited must give Mr G a certificate showing how much tax has been taken off if he asks for one.

### **My final decision**

My final decision is that I uphold this complaint and require Stellantis Financial Services UK Limited to settle this complaint as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 June 2025.

Andrew Macnamara  
**Ombudsman**