

The complaint

Mr M complains that a car supplied to him under a hire purchase agreement with Stellantis Financial Services UK Limited (Stellantis) was of unsatisfactory quality.

What happened

In March 2024, Mr M was supplied with a new car through a hire purchase agreement with Stellantis. The cash price of the car was £27,973. He made an advance payment of £8,300, and the agreement was for £19,673 over 49 months; with 48 monthly payments of £289.99 and a final payment of £11,219.

In May 2024, error messages started to appear on the car's dashboard. The messages disappeared soon after, so Mr M thought the issue had been resolved. Over the following weeks, the messages started to appear more frequently, and on 17 July 2024 the car lost power. Mr M called a breakdown service, who found the following fault code in the drive motor control module – "U11A0,Communication fault with the traction battery ECU". They recommended that the car be driven to the dealership for further testing and repair, and that it shouldn't be driven otherwise until the issue was resolved. The car's mileage at the time was 3,333.

Mr M took the car to a manufacturer approved garage, who kept the car until 5 August 2024 for testing but were unable to replicate or diagnose the fault. They said it would need to arrange further tests, but weren't able to provide Mr M a timeframe or a courtesy car. Because Mr M needed the car, he wasn't able to leave it with the garage any longer. He also contacted the dealership who originally supplied the car – who asked him to drive it to them for testing. Because the dealership was around 400 miles away, Mr M wasn't able to do this.

Mr M says he experienced further error messages and losses of power throughout August and September 2024 – but that the garage was still unable to diagnose the fault. Mr M says that despite the faults he continued to use the car, as he had no alternative transport and relied on it for work.

Mr M contacted Stellantis and asked to reject the car. Mr M says Stellantis refused to help – so he made a complaint. When Stellantis didn't respond, he referred the complaint to the Financial Ombudsman Service (Financial Ombudsman).

When referring the complaint, Mr M highlighted several other issues he'd experienced since the car was supplied, and provided photo and video evidence to demonstrate them:

- Driver side door misaligned;
- Moisture inside the headlights;
- Headlight adjustment error message;
- Dashboard warning lights;
- Rear windscreen wiper leaving dirt on the windscreen; and
- Display screen instructs the driver to push the clutch – but no clutch is present as the car is automatic.

Our Investigator considered the complaint and upheld it. They said Mr M had demonstrated that the car had faults, and they didn't think the car was of satisfactory quality when it was supplied to him. They recommended that Stellantis end the agreement and refund Mr M's deposit. They also recommend that Stellantis refund the amount Mr M had paid towards the agreement while he was without the car, and that it pay him £150 to recognise the inconvenience caused.

Mr M accepted the Investigator's conclusions, and said that since he referred his complaint to us further faults have developed with the car. He said the car broke down an additional two times, and that he'd started to experience several other issues. He said he was unable to turn the car off or select a gear, and that the car cut out when accelerating. He also reported problems with the heated steering wheel and object sensors. The issues were investigated by the garage, who were unable to replicate the faults but found several fault codes in its diagnostic tests. They carried out a software update, but Mr M says he's experienced further issues since then.

Stellantis didn't reply to Mr M's complaint, and hasn't responded to this service's requests for information or the Investigator's recommendations. So, I've considered Mr M's complaint based on the evidence that is available.

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.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is more likely than not to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr M was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we can investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr M entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Mr M took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Stellantis to put this right.

Stellantis supplied Mr M with a brand-new car with a cash price of nearly £28,000. So, I think it's fair to say that a reasonable person would expect the car to be durable and free of defects for a reasonable period of time. I would expect it to be of a higher quality than a cheaper or previously used car, and I think it would be reasonable to expect it to be free of even minor defects shortly after it was supplied.

Looking at the evidence provided by Mr M, I think it's clear he experienced a number of issues with the car within a few months of it being supplied to him. This included dashboard error messages, as well as more serious faults that caused the car to lose power. It's still unclear what caused these problems to develop – but I'm satisfied based on Mr M's evidence that there were faults with the car.

Under the CRA, any fault that occurs within the first six months of the agreement are assumed to have been present or developing at the point of supply – unless there's evidence to suggest otherwise. In this case, most of the issues with the car presented themselves during the first six months of the agreement – but some issues such as the car failing to turn off or select a gear developed after more than six months. So, I'm satisfied that at least some of the faults Mr M reported to Stellantis were present or developing at the point of supply.

The CRA also says a business should be given a single chance to repair a faulty car, and that the customer is entitled to reject it if it still isn't of satisfactory quality after the first repair takes place. In this case, Mr M didn't return the car to the dealership to be repaired. But he did arrange multiple inspections of the car himself, which failed to diagnose or fix the faults that he was experiencing. The dealership is a significant distance from Mr M's home, and he says he was told he wouldn't be kept mobile if he returned the car to them. As Mr M relies on the car for work, I don't think it was unreasonable that he wasn't in a position to return it to the dealership.

Stellantis has been aware of the issues Mr M has had with the car since – at the latest – August 2024, but I can't see that it's taken any steps to arrange its own investigations or repairs. So, I'm satisfied Stellantis has had the opportunity to repair the car but hasn't done so. I also considered that a repair would cause further delay, cost and inconvenience to Mr M. Under the CRA, Stellantis is responsible for carrying out the repairs within a reasonable time and without significant inconvenience to Mr M, which has not happened in this case.

Mr M experienced a significant number of problems with the car a few months after it was supplied to him, and has continued to experience issues to this day. I don't think a reasonable person would expect a car to be losing power after four months, having only travelled just over 3,000 miles. I also don't think a reasonable person would expect a new car to have so many problems within the first year of use.

For these reasons, I'm satisfied the car was of unsatisfactory quality when it was supplied to Mr M. Although the dealership hasn't had the opportunity to inspect or repair the car, I think Mr M has made reasonable attempts to resolve the issues himself. And Stellantis has been aware of the issues Mr M has had with the car since – at the latest – August 2024, but I can't see that it's taken any steps to arrange a repair. So, I think Mr M should be allowed to reject the car.

Putting things right

As the car was of an unsatisfactory quality when it was supplied to Mr M, Stellantis should allow him to reject it. This means collecting the car and ending the agreement with nothing further to pay, as well as refunding the advance payment Mr M paid at the point of supply.

Because he relied on the car, Mr M has continued to use it despite the faults he's experienced. It appears that the majority of faults Mr M experienced were intermittent, and didn't significantly impact his day-to-day use of the car. I also note that Mr M has travelled more than 13,000 miles since the car was supplied. So, I think it's only fair that Mr M pay for that usage.

But Mr M was without the car between 17 July and 5 August 2024 when the faults were being investigated by the garage – and he wasn't provided with a courtesy car to keep him mobile during that time. This investigation was necessary because the car wasn't of a satisfactory quality when it was supplied to Mr M, so I think Stellantis should refund Mr M for the amount he paid during this period.

Mr M says the problems he experienced with the car negatively impacted his mental health and his work – causing him significant stress. I think being supplied with a car of unsatisfactory quality would naturally cause some level of stress and inconvenience – and would have affected Mr M's enjoyment of the car. The fact that Stellantis didn't respond to Mr M's concerns would have caused additional frustration. I think £150 is a fair reflection of the distress and inconvenience caused to Mr M here, so Stellantis should also pay him that amount.

Therefore, Stellantis should:

- End the agreement ensuring Mr M is not liable for payments after the point of collection and take the car back without charging for the collection;
- Remove any adverse entries relating to this agreement from Mr M's credit file;
- Refund the advance payment of £8,300 paid by Mr M;
- Calculate and refund the amount Mr M paid for the car between 17 July 2024 and 5 August 2024 on a pro-rata basis;
- Pay Mr M 8% simple interest per annum on the above refunded amounts, calculated from the dates Mr M made the payments to the date of settlement[†]; and
- Pay Mr M an additional £150 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of satisfactory quality.

[†]If Stellantis considers that tax should be deducted from the interest element of my award, it should provide Mr M with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

My final decision

My final decision is that I uphold Mr M's complaint. I require Stellantis Financial Services UK Limited to follow my directions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 July 2025.

Stephen Billings
Ombudsman