

## The complaint

Miss S complains about the quality of a car she acquired under a hire purchase agreement with Stellantis Financial Services UK Limited (SFS).

When I refer to what Miss S and SFS said or did, it should also be taken to include things said or done on their behalf.

## What happened

In June 2023, Miss S entered into a hire purchase agreement with SFS to acquire a used car first registered in May 2021. At the time, the car had travelled around 21,716 miles. The cash price of the car was around £17,388. There was an advance payment of approximately £3,300 and the total amount payable was around £22,854. The agreement's duration was 48 months consisting of first payment of around £248, then 46 monthly repayments of around £248, followed by a final repayment of about £7,920.

In summary, Miss S said that at the end of April 2024 she called the dealership as the engine fault kept coming up when she was driving. A diagnostic was completed on 7 May 2024, but they could not find any faults with the car at that time. So, they allowed her to take the car back while they consulted the manufacturer of the car. And the following day, they asked her to bring the car back but they said they could not provide her with a free courtesy car. They gave her an option to have one at a cost of £20 per day.

Miss S said she took the car to the dealership on 15 May 2024. They initially replaced the fuel pump, the injectors and the engine harness. On 19 June 2024 the dealership agreed to provide Miss S with a courtesy car at no cost to her. Then on 19 July 2024, Miss S said she was told she could pick up her fixed car. But within days of picking up the car Miss S said the engine fault came up again, so the car was returned to the dealership. And on 16 August 2024, Miss S received her car back from the dealership, after the repairs. As she was unhappy with what has happened, she raised a complaint with SFS.

After eight weeks have passed, SFS wrote to Miss S to say that they are still investigating her complaint. As Miss S remained unhappy, she referred her complaint to Financial Ombudsman Service (Financial Ombudsman).

In November 2024 SFS wrote to us and said that, upon reviewing of Miss S's complaint with them, they could see the issues she were experiencing were outside of the first six months. So, they said, that without any job cards to review, it would be difficult for them to provide their stance on the matter. However, they offered to make some observations. They said Miss S is contractually obliged to make her monthly payments, and that courtesy cars are not guaranteed. They went on to say that if there is a courtesy car available, the make/model/size of the car cannot be guaranteed and is usually provided at the dealership at their discretion. In this correspondence they also said that they were not privy to the discussions Miss S had with the dealership, so it would not be appropriate for them to comment. And they concluded that because of the time that has elapsed between supply and the issues with the car presenting themselves, as well as lack of evidence, they cannot support a rejection of the car. But, they said, if evidence of the work completed and of the

mileage count at the time of issues arising is provided, they may be in a position to compensate Miss S. However, they said the onus is on Miss S to evidence the car was not of satisfactory quality at the point of sale. And, they said, that it is worth noting that the car was two years and 11 months old from the date of first registration, so it will be expected that parts will naturally wear after the first few years of use, depending on mileage/usage amount.

Our investigator looked at Miss S's complaint. The investigator was of the opinion that the car was of unsatisfactory quality. In particular, that it was not reasonably durable. So, the investigator thought that SFS should refund payments Miss S made between 15 May 2024 to 19 June 2024, as she was left immobile and without a courtesy car. The investigator also thought that SFS should add simple 8% interest to the refunded amounts and pay Miss S £150 in compensation to reflect the impact all this had on her.

SFS did not respond so, the complaint has been passed 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered to have been good industry practice at the relevant time. Miss S acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. SFS is the supplier of the goods under this type of agreement and is responsible for dealing with complaints about their quality.

Also, I can only consider the actions/inactions of SFS and only the aspects they are responsible for, and I cannot look at certain actions and/or inactions of the dealership or broker or the manufacturer which Miss S might be unhappy about such as the issues she mentioned with the courtesy cars. So, in this decision I only focused on the aspects I can look into. And, I am only looking at the events that have been raised by Miss S with SFS, the ones they had an opportunity to address after she raised her complaint.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Miss S 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.

In Miss S's case the car was around two years old, at the time of acquisition had travelled around 21,716 miles, and the total cash price was around £17,388. I would have different expectations of it compared to a brand-new car. As with any car, there is an expectation that there will be ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. And with second hand cars, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new

car. So SFS would not be responsible for anything that was due to normal wear and tear whilst in Miss S's possession. But given the age, mileage and price paid, I think it is fair to say that a reasonable person would have high expectations of it and would expect the quality of the car to be of a higher standard than a car which is more road worn or has a lower price. Also, I think a reasonable person would expect it to be free from defects for a considerable period of time.

First, considered if there was a fault with the car. And from the evidence on file there does seem to be an issue with the car. I can see from job cards dated July and August 2024 that three petrol injectors, three ignition coils, and three spare plugs were replaced. I can also see that the garage also replaced the HP petrol pump, outlet pipe, engine harness, the fuel pump gasket, and the engine ECU. The car had travelled about 28,000 miles at that time.

Based on the above I think, most likely, the car was faulty, but just because there are, or there were, faults found with the car does not mean the car was of unsatisfactory quality at the point of supply. So, I've gone on to consider if the car was of satisfactory quality when it was supplied to Miss S.

In summary, SFS do not believe that Miss S should be able to reject the car because of the length of time (11 months) since the car's supply to her. They said Miss S has not provided any evidence to confirm the car was of unsatisfactory quality at the point of purchase. Plus, they said, the car was two years and 11 months old from the date of first registration, so it would be expected that parts will naturally wear after the first few years of use. So, I have taken into consideration the points SFS have made.

I agree with SFS that it would have been beneficial for Miss S to have provided an independent inspection report, but overall, I do not think the car was durable. I say this because even though Miss S had the car for about 11 months and was able to travel around 6,000 miles, when considering the mileage of the car when supplied, the price paid, combined with when the faults first became apparent, I think most likely a reasonable person would not consider the car with these faults to be of satisfactory quality. When arriving at this conclusion I have considered that a reasonable person would not expect a car which travelled a total of around 28,000 miles to have the engine problems stated above. I'm persuaded that, more likely than not, the car would not be considered reasonably durable due to all the faults mentioned above. So, considering the specific circumstances of this particular case, this, most likely, would render the car of unsatisfactory quality and more specifically, not reasonably durable.

Next, I have considered whether it would be fair for Miss S to be able to reject the car at this stage.

The CRA sets out that Miss S has a short term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and she would need to ask for the rejection within that time. Miss S would not be able to retrospectively exercise her short term right of rejection at a later date.

The CRA does say that Miss S would be entitled to return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but she would not have the right to reject the car until she has exercised her right to a repair first – this is called her final right to reject. And this would be available to her if that repair had not been successful.

I have considered that the car has now been repaired and there is no evidence to show that these repairs have now failed. And considering all the specific circumstances of this

complaint, I do not think it would be fair and reasonable for Miss S to reject the car at this stage. But I have considered the impact of the situation on Miss S.

Miss S has been able to use the car, so I think it is reasonable she pays for this use, but Miss S should not be responsible for any payments she made when she was without a courtesy car during the time the car was being repaired. So, she should be refunded for the payments made between 15 May 2024 to 19 June 2024, as she was left without a car during this time.

SFS should also add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

Miss S has said she had to get insured on her family member's car, which caused that family member to incur extra costs plus additional mileage on their car. Miss S also said she still had to pay for insurance and road tax on her car while it was being repaired. But in this decision, I can only consider the impact this situation had on Miss S. Also, it is a requirement of the finance agreement that the car remains insured and taxed, and Miss S had the benefit of that insurance had something happened. Also, I'm already saying that she is not responsible for any monthly contractual payments when the car was being repaired while she did not have a courtesy car, so I do not think it would be fair and reasonable for me to ask SFS to refund the other expenses she has mentioned.

I also think that this matter caused Miss S a lot of distress and inconvenience when trying to resolve it. She had to take the car to get it diagnosed and repaired plus arrange her own transport. Had SFS supplied her with a car that was of a satisfactory quality, I think most likely, she would not have to deal with the above. So, I think SFS should pay her £150 in compensation to reflect the distress and inconvenience caused.

Also, any adverse information should be removed from Miss S's credit file.

### **My final decision**

For the reasons given above, I intend uphold this complaint and direct Stellantis Financial Services UK Limited to:

1. Refund any payments Miss S made between 15 May 2024 to 19 June 2024;
2. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
3. Pay Miss S £150 compensation;
4. Remove any adverse information recorded on Miss S's credit file in relation to this credit agreement.

If Stellantis Financial Services UK Limited considers that tax should be deducted from the interest element of my award, they should provide Miss S with a certificate showing how much they have taken off so she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 7 July 2025.

Mike Kozbial  
**Ombudsman**