

## **The complaint**

Mr S has complained about the quality of a car provided on finance by Stellantis Financial Services UK Limited (Stellantis).

## **What happened**

Stellantis supplied Mr S with a used car on a hire purchase agreement in March 2022. The cash price of the car was £23,000 and it had covered around 10,400 miles since first registration in March 2019. The hire purchase agreement required payments of around £330 for 47 months followed by a final payment of around £11,500. Mr S paid a deposit of £2,200.

Mr S said he serviced the car in January 2023 and February 2024 in line with the manufacturer recommendations.

In May 2024 the engine management light came on and the car was recovered. The supplying dealer, who I'll call P, completed a diagnostic and said that a new engine was required. The manufacturer offered to contribute 40% towards repair costs due to the age and mileage of the car.

Mr S complained to Stellantis. He said that the car was faulty when it was supplied, and the mileage covered was less than what the manufacturer covered by warranty. He asked to reject the car.

Stellantis said that due to the time that had elapsed since the car was supplied Mr S needed to provide evidence that the faults were present or developing at the point of supply. It said that the car had been serviced annually and the manufacturer warranty had expired but it was only responsible for the condition of the car when it was supplied.

Mr S referred his complaint to our service. He said that the car wasn't fit for purpose having such a major fault, and he explained the inconvenience and mental stress that he was suffering.

An investigator considered the complaint and said that as the car had been serviced as expected the engine wasn't sufficiently durable. She recommended that Stellantis pay for repairs.

Mr S accepted the investigator's opinion and provided a quote for repairs which came to around £7,600. Stellantis disagreed and asked for an ombudsman to make a final decision. It said that the warranty had expired, and it didn't consider the fault to be inherent.

I issued a provisional decision on this case which said:

*I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of*

*this service in resolving disputes.*

*The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Stellantis is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.*

*The Consumer Rights Act 2015 (CRA) is of particular relevance 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”.*

*The CRA says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. In a case involving a car, the other relevant circumstances might include things like the age and mileage at the time of supply and the car’s history.*

*The CRA says 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.*

*As a starting point there would need to be some evidence of what the fault was. And secondly, that the fault renders the car of unsatisfactory quality. It doesn’t seem to be in dispute that there is a fault with the car, and it needs a replacement engine.*

*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 will also depend on a number of factors. The car was supplied to Mr S in March 2022, and he was able to use it without there being any significant issues until May 2024 when the engine failed.*

*At the time the engine failed the car was around five years old and had completed around 27,000 miles since first registration. Mr S had covered around 16,800 miles.*

*It is unusual for a car with such a low mileage despite its age to suffer such a catastrophic failure. The car has not been the subject of an independent report. But we have a diagnostic which describes a fault code “P3060 – number of self-ignitions before spark too high”. It doesn’t comment on the cause, or whether the fault was present or developing at the time of supply.*

*Stellantis noted some information from the manufacturer where they had agreed to pay 40% of the cost of repair as a gesture of goodwill due to the age and mileage of the car.*

*But they declined to do anything further as the fault had occurred too far on from the point of supply, they said that Mr S needed to prove that the car was faulty at the time of supply. Our investigator did some research into the likely cause of the problem. But I don’t find I need to comment on that because I’ve drawn my own conclusion with the evidence provided.*

*Mr S has supplied invoices which show that it was serviced in line with requirements while it was in his possession. Stellantis also confirmed in its final response that the car had been serviced each year since first registration in line with the manufacturer requirements.*

*I note that Mr S has covered around 16,800 miles but the mileage was still relatively low for the age of the car and he had reasonable expectation that it would last for more than some 27,000 miles without the engine having to be replaced. I accept that a second-hand car will*

*not be of the same standard as a new one, but there is a reasonable expectation of durability, considering the age, price and mileage.*

*Considering this was a five-year-old car that had been serviced regularly and cost £23,000, it seems unlikely that needing an engine replacement before it had driven 30,000 miles is a matter of wear and tear. It suggests something more fundamental was wrong with the car. And it seems that the car had been maintained as expected by the manufacturer which in my mind makes the fault less likely to be as a result of poor maintenance.*

*I have to reach a decision on the available evidence and sometimes the issues aren't clear cut. In this case I think that on the balance of probabilities the problem was inherent in the car and as such it would have been present at the point of supply. So I'm satisfied that the car was not of satisfactory quality at the point of supply because it wasn't sufficiently durable, and Stellantis need to do something to put things right.*

*I appreciate that our investigator recommended that a repair was a suitable remedy here, and Mr S broadly agreed with this. But I've thought about what has happened here and Stellantis had an opportunity to affect a repair within a reasonable amount of time and without significant inconvenience to Mr S, as set out in the CRA.*

*Mr S has been without use of the car since May 2024 and he told us he had maintained his repayments. It would be hard to imagine it hasn't been significantly inconvenient for him to be without the car that he is paying for. I can see our investigator has set out the impact included difficulty getting around and the extra expense of taxis and public transport. His family situation at the time meant that problems with the car were an additional worry. I agree that the compensation of £200, and other items set out, seems broadly fair.*

*But I think a more suitable remedy at this point would be for Stellantis to allow Mr S to exercise his final right to reject the car. I don't think a repair can be made without further significant inconvenience to Mr S, and it hasn't been done in a reasonable amount of time. I also have concerns that the quoted costs might escalate, and there's no guarantee that a repair will make the goods conform to the contract. There could be a further knock-on impact because the car has sat idle for so long. I note Mr S told Stellantis that he wanted to reject the car. So in all the circumstances of this complaint I consider that outcome would be fair and reasonable.*

Mr S replied to my provisional decision and agreed. Stellantis didn't respond to the provisional decision so I'll now make my final decision.

### **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.

I'd like to thank Mr S for responding so promptly to my decision. As Stellantis hasn't responded I'm issuing a final decision so that Mr S is afforded the protection of a legally binding decision.

As I don't consider I've been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances.

Therefore, my final decision is the same for the reasons set out in my provisional decision.

## **My final decision**

My final decision is that I uphold this complaint and direct Stellantis Financial Services UK Limited to do the following:

- Collect the car at no cost to Mr S
- End the agreement with nothing further to pay
- Remove any adverse information about the agreement which has been reported to the credit reference agencies
- Refund Mr S his deposit of £2,200\*
- Refund Mr S any payments he made from May 2024\*
- Refund the cost of the diagnostic report £464.40 subject to suitable evidence of payment\*
- Pay 8% simple interest from the date of each payment above until the date of settlement
- Pay £200 compensation

\* If Stellantis Financial Services UK Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much tax it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 March 2025.

Caroline Kirby  
**Ombudsman**