

The complaint

Mrs E complains about the quality of a used car that she acquired using a hire purchase agreement with Stellantis Financial Services UK Limited ("Stellantis").

What happened

In November 2021, Mrs E entered into a hire purchase agreement to acquire a used car. The car was just under two years old, had a cash price of £33,500 and had covered 6,492 miles. Mrs E paid a total deposit of £7,500 which included a part-exchange value of £6,000 for her previous car.

In November 2023, the car broke down suddenly and without warning. It was taken to a garage by the AA as Mrs E said the supplying garage couldn't take the car as their hybrid/electric technician no longer worked there.

Mrs E says the garage called her a couple of weeks later to say they couldn't fix it as it was showing over 200 faults, and it needed to go to a specialist garage of the manufacturer. The car was transported there on 20 December 2023 on a recovery truck.

Mrs E complained to Stellantis as she wasn't being told when the car would be fixed and was being told the car needed spare parts that were on order. Mrs E also said she was paying for a car she couldn't use, and that no courtesy car was given to her.

Stellantis didn't uphold Mrs E's complaint. They said the dealership and 'brand' were committed to ensuring the car was being repaired and they couldn't be responsible for the lead times on replacement parts. Stellantis though offered Mrs E £330.70 which was the equivalent of one month's payment of the hire purchase agreement.

Mrs E says the car was eventually returned to her in February 2024.

As Mrs E was unhappy with Stellantis' response, she referred her complaint to our service. Our investigator recommended that it should be upheld. In summary, she felt the car wasn't of satisfactory quality when it was supplied to Mrs E. Our investigator noted that the car had been repaired, so didn't recommend that Mrs E should be allowed to reject it. But she did say that Stellantis should refund Mrs E's hire car costs of £581.82, less the £330.70 that Stellantis had offered her, and to refund costs of £204 for the car being recovered to the dealership. And she said Stellantis should pay Mrs E £250 for the inconvenience she'd been caused and to remove any adverse information from her credit file in relation to the hire purchase agreement.

Stellantis didn't reply to our investigator's view. Mrs E initially agreed with our investigator but subsequently said she felt she should be able to reject the car because she and her children were frightened to get back into it because of what had happened. Mrs E also pointed out that the car had been subject to recalls and that Stellantis hadn't made her aware of this before November 2023 when the car broke down. She also highlighted a further recall that she'd since received.

As the matter remained unresolved, Mrs E's complaint was passed to me for a decision.

I issued my provisional decision on 30 January 2025, relevant extracts of which I include below.

'Stellantis supplied the car to Mrs E under a regulated hire purchase agreement. Because of that, our service can consider complaints about the hire purchase agreement and the goods, in this case the car. As the supplier of the car, Stellantis has an obligation to ensure it was of satisfactory quality – as set out in the Consumer Rights Act 2015 ("CRA"). Satisfactory quality is what a 'reasonable person' would expect, considering amongst other things the age and price of the car.

Section 9 of the CRA refers to satisfactory quality and notes that the quality of goods includes their state and condition. It goes on to list the following aspects, amongst others, of the quality of goods: (a) fitness for all the purposes for which goods of that kind are usually supplied; (b) appearance and finish; (c) freedom from minor defects; (d) safety; (e) durability.

It's reasonable in my view to note the car wasn't new and had travelled just under 6,500 miles at the time of supply. Although it would be unreasonable to expect a car like this to be in the same 'as new' showroom condition which it would have been in when it was first supplied, it hadn't covered much mileage by the time Mrs E acquired it. And just because the car was used with mileage, doesn't mean that Stellantis had no requirements in relation to satisfactory quality.

I'm satisfied that there was a fault with the car when it broke down in November 2023. Stellantis accepts this as well as they said to Mrs E that the dealership and 'brand' were committed to repairing it. The question is whether what happened meant the car was likely of unsatisfactory quality when it was supplied to Mrs E.

I've seen a copy of the job sheets showing the work that was carried out on the car. This set out the following, from February 2024, when the car had travelled 32,196 miles:

'Confirm non start, both battery's failed test. No comms with rear battery separation device. Carried out test to high voltage system OBC low resistance. High voltage cable to rear traction machine low resistance. Requires new batteries, rear voltage device, OBC and cable'.

So, it seems there was a significant issue with the car's batteries. I note that Stellantis has pointed out that this issue happened after Mrs E had been using the car for two years, by which time she covered around 26,000 miles. However, one of the requirements in respect of satisfactory quality under the CRA is durability. And here, I think it unlikely that Mrs E caused the issue with the batteries to happen. I think it more likely that the problems occurred due to those parts not being durable enough. I say this noting that the manufacturer of the car provides a warranty for batteries to be covered for up to eight years and up to 100,000 miles. So, it seems that the manufacturer themselves expects the batteries to last up to a lot more time and mileage than that experienced by Mrs E. The car had travelled less than 35,000 miles when the fault occurred, and I don't think a 'reasonable person' would expect such a significant issue to have happened at that point. And I've not seen any evidence that sets out that Mrs E caused this issue to happen through, for example, poor maintenance of the car or poor servicing.

So, for the reasons I've set out above, I find that the car wasn't of satisfactory quality when it was supplied to Mrs E, as required and as set out in the CRA.

I will now go on to set out how to fairly compensate Mrs E.

Putting things right

The CRA sets out a number of possible remedies where goods were found to have not been of satisfactory quality. One of those remedies is to allow one opportunity for the goods to be repaired. Here, the dealership carried out the repairs to the car and, in the circumstances, I think it was reasonable to allow them that opportunity. I fully understand of course that what happened to the car greatly alarmed Mrs E and I can appreciate why she no longer wants to use it. However, bearing in mind what I've said above about the CRA and its remedies, I think repairing the car was the fairest option. And I note the car has now been repaired.

I've considered the recall notices for the car. Two recall notices were sent in January 2024; one referred to a risk that the battery might overheat and the other referred to corrosion protection of the battery pack. And Mrs E received a further recall notice in July 2024 referring to the same potential issue with overheating that was set out in the January 2024 notice. Generally, recall notices are precautionary rather than evidence that a particular car has a fault. I appreciate that the recall notices refer to the battery and that of course is the issue that caused Mrs E's car to break down in November 2023. But I've not seen evidence that her car still suffers from that same issue or that the issue that did occur wasn't then fixed correctly. So, while I appreciate why these notices have alarmed Mrs E, I don't think this means she should now be allowed to reject the car. And I don't think Stellantis was put on notice of these recall notices before the manufacturer sent them to Mrs E in January 2024, which was after the car broke down.

I do think that Mrs E is entitled to compensation for what happened. It doesn't appear to be disputed that she wasn't able to use the car from November 2023 to February 2024. I've seen evidence that she hired cars during this time at a cost of £313.44 (paid by Mrs E on 25 November 2023) and £268.68 (paid by her on 7 December 2023), before she was provided with a courtesy car. I think it reasonable that Mrs E is refunded these costs with interest added at 8% simple each year on this from the date of each payment to the date of settlement. Stellantis can though deduct the £330.70 they paid her from this sum.

I also note that Mrs E seems to have incurred other costs for the recovery of the car, and these appear to be as follows:

- £117.80 on 12 December 2023.
- £114 on 27 December 2023

The costs above are slightly different to those set by our investigator in her view. However, if either party think the above is wrong, then I would appreciate any clarity they can give me on this. For now, I think the above costs flow from the issue with the car and my finding that it wasn't of satisfactory quality. So, I think it reasonable that Stellantis refunds these costs, and add interest at 8% simple each year on this from the date of each payment to the date of settlement.

Mrs E has also suffered distress and inconvenience as a result of being supplied with a car that wasn't of satisfactory quality. I think it fair considering the circumstances that Stellantis should make an additional payment of £250 in recognition of this. And they should ensure that any adverse information is removed from Mrs E's credit file in respect of this agreement'.

I asked both parties to provide me with any further comments or evidence they wanted me to consider following my provisional decision.

Mrs E replied saying she agreed with my provisional decision. Stellantis didn't reply.

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.

As I've not been provided with anything further to consider, I see no reason to depart from my provisional decision. So, for the reasons I gave in my provisional decision (which I have included in the preceding section of this decision), I am upholding this complaint.

Putting things right

I think it reasonable that Stellantis refunds Mrs E hire car costs of £313.44 (paid by Mrs E on 25 November 2023) and £268.68 (paid by her on 7 December 2023) and pay interest at 8% simple each year on these amounts from the date of each payment to the date of settlement. Stellantis can though deduct the £330.70 they've already paid her.

Mrs E incurred other costs for the recovery of the car, and these appear to be as follows:

- £117.80 on 12 December 2023.
- £114 on 27 December 2023.

I think the above costs flow from the issue with the car and my finding that it wasn't of satisfactory quality. So, I think it reasonable that Stellantis refunds these costs, and pay interest at 8% simple each year on them from the date of each payment to the date of settlement.

Mrs E has also suffered distress and inconvenience as a result of being supplied with a car that wasn't of satisfactory quality. I think it fair considering the circumstances that Stellantis should make an additional payment of £250 in recognition of this. And they should ensure that any adverse information is removed from Mrs E's credit file in respect of this agreement.

My final decision

I uphold this complaint and direct Stellantis Financial Services UK Limited to take the action I've set out in the 'putting things right' section of my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 4 April 2025.

Daniel Picken
Ombudsman