

The complaint

Ms M complains Volkswagen Financial Services (UK) Limited trading as Seat Financial Services (VWFS) supplied her with a car that she believes wasn't of satisfactory quality.

What happened

In February 2023, Ms M entered into a 60 month hire purchase agreement for a used car. Its cash price was £9,900, it was over four years old and it had covered around 49,700 miles. Ms M paid a deposit of £1,468 and the rest was financed by a loan with VWFS. The monthly instalments were £188.

Shortly after acquiring the car, Ms M reported to the dealership that there was an issue with the timing chain but according to her, she was told there was nothing wrong with it.

She arranged for a car health check to be carried out in March 2023. It found the following issues:

- There was a rattle from the timing chain;
- Aftermarket lights had been fitted;
- The tyres were worn.

The car was returned to the dealership in April 2023 but they maintained no fault could be found with the timing chain.

In May 2023, a fault was found with the exhaust gas recirculation (EGR) valve. In December 2023, the car stopped working and it was identified it had excessive oil so this was drained by the dealership. In January 2024, a fault was found with the timing chain and flywheel. All these repairs were carried out at no cost to Ms M and during that time, she was supplied with a courtesy car.

The following repairs were carried out by the dealership:

May 2023	EGR valve replaced under warranty
December 2023	Engine oil drained as it was too high. No cost charged to Ms M
March 2024	Timing chain and flywheel repaired at no cost to Ms M.

Ms M also complained about the following issues:

- The diesel particular filter (DPF) needed to be replaced;
- The car was damaged when supplied, Ms M believes it was previously involved in an accident;
- There was a leak in the boot, it was filled with sitting water which impacted the electrics;
- The tyres needed replacing in September 2023;
- She was required to arrange and pay for additional temporary car insurance for the courtesy cars;

- There was no service history of the car.

VWFS said the repairs and the service of the car was down to the dealership. They later accepted there was a fault with the EGR valve.

Unhappy with their response, the complaint was referred to our service. The investigator recommended the complaint was upheld. He said there had been a number of issues within six months of Ms M acquiring the car meaning it wasn't of satisfactory quality. However he said evidence showed the repairs had fixed the issues so he didn't agree rejection should be allowed. To put things right, he said VWFS should cover the cost of the vehicle health check and pay £100 compensation for the trouble and upset caused.

Ms M disagreed with the outcome. She said despite the above repairs, the engine hadn't been repaired correctly and fumes were coming into the car which was dangerous. She provided evidence from a garage dated June 2024 that the injector seals needed to be repaired and there was insufficient flow with the EGR. She also said the accident damage hadn't been fixed.

In December 2024, Ms M told our service that following further issues with the car, she sold it back to the dealership and the agreement ended.

I issued a provisional decision outlining my intentions to uphold the complaint. I said:

"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 all the other relevant circumstances. In a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage. The quality of goods includes other things like fitness for purpose, appearance, freedom from minor defects, safety and durability.

In this case, Ms M acquired a used car that was over four years old and travelled over 49,700 miles. As this was a used car with significant mileage and age, it's reasonable to expect parts may already have suffered substantial wear and tear when compared to a new car or one that is less travelled. Meaning there's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

VWFS accept there was a fault with the EGR, that isn't in dispute.

Ms M says she complained about a rattling with the timing chain within days of acquiring the car but the dealership said there was nothing wrong with it. However a health check carried out in March 2023 found there was an issue. The car was returned to the dealership in April 2023, again they found no fault. However by January 2024, a fault with the timing chain was identified. Ms M maintains this is the same issue she initially reported several months prior and I'm inclined to agree with her. On the balance of probabilities, I believe there was a fault with the timing chain (perhaps an intermittent one). This may explain why the dealership weren't able to identify it initially. I don't believe a reasonable person would expect to experience faults with the timing chain and EGR so soon after purchase. Therefore I can't say the car was sufficiently durable meaning it wasn't of satisfactory quality at supply therefore a breach of contract.

I don't have sufficient evidence Ms M asked to reject the car within 30 days of supply so I don't find the short term right of rejection applies. Outside of this time period, the relevant law says there should be one opportunity of repair. In this case, repairs were carried out in May 2023 (EGR valve) and March 2024 (timing chain and flywheel), both at no cost to Ms M.

I'm satisfied the repair to the timing chain fixed the issue. However Ms M has provided a job card from a garage in August 2024 which states there's insufficient flow with the EGR valve. I note a similar diagnosis was given in May 2023 when the fault was first reported. Although the EGR valve was replaced in March 2024, within less than two years, it appears the same fault has reoccurred. To my mind, that suggests the prior EGR repair failed.

Concerning the tyres, I find this was a wear and tear issue. This is because the car had travelled in excess of 49,700 miles at supply so it's reasonable to expect the tyres would show significant signs of use. I note Ms M then used the car for approximately six months before changing them in September 2023. By that time, it's fair to say further wear would've been visible. I don't find this issue made the car of unsatisfactory quality so I won't be saying VWFS needs to refund this cost.

Ms M has also provided evidence of a job card outlining that there's issues with the injector seals but given the mileage covered at that point (59,324 miles), I find that's a wear and tear issue so I won't be saying VWFS need to pay any associated costs. She also says there was a fault with the DPF and there was crash damage to the car but I haven't been provided with sufficient evidence about this so I can't reasonably say these faults existed.

Overall, I find the car wasn't of satisfactory quality due to the faults with the timing chain and the EGR valve. The timing chain has been successfully repaired but I believe the EGR valve repair has failed. In such circumstances, I would say Ms M should be allowed to reject the car but I'm aware she sold it back to the dealership due to further issues. It's unclear the amount she sold it for however I can see the agreement was settled in full following a payment of £6,247.27.

To put things right VWFS should update their internal and external records to reflect rejection. They should also refund the deposit and remove any adverse information about this agreement from Ms M's credit file.

As Ms M had use of the car (or a courtesy car when repairs were being carried out) it's fair she pays to reflect that use so I won't be saying VWFS need to refund the monthly instalments paid. VWFS should refund the EGR valve diagnosis costs (£54 and £24) that were paid in May 2023 and August 2024. These were costs incurred as a result of being supplied with a faulty car.

Lastly, I thought about the impact of this situation on Ms M. This includes multiple trips to garages, the car being in for repair for a significant period of time, having to arrange and pay for temporary insurance for the courtesy cars, etc. Given the circumstances, I find VWFS should pay £300 compensation for the trouble and upset caused".

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 thank both parties for their prompt response. Ms M and VWFS have confirmed they accept the provisional decision. I'm happy for VWFS to add a note to their system about the outcome of this complaint confirming the car was rejected.

On the basis I haven't been provided with any further information to change my decision I still consider my provisional findings to be fair and reasonable in the circumstances.

My final decision

For the reasons set out above, I've decided to uphold Ms M's complaint.

To put things right, Volkswagen Financial Services (UK) Limited trading as Seat Financial Services must:

- Update records to reflect this agreement ended by rejection;
- Refund the deposit;
- Refund the EGR diagnosis costs (£78);
- Pay 8% simple interest on the above refunds from the date of payment to the date of settlement;
- Remove any adverse information about this agreement from Ms M's credit file;
- Pay £300 compensation to Ms M for the trouble and upset caused.

If Volkswagen Financial Services (UK) Limited trading as Seat Financial Services considers tax should be deducted from the interest part of my award it should provide Ms M with a certificate showing how much it has taken off, so Ms M can reclaim that amount if she is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 3 April 2025.

Simona Reese
Ombudsman