

The complaint

Miss S complains about the quality of a car she was supplied via finance from Stellantis Financial Services UK Limited ('SF').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Miss S took out a conditional sale agreement with SF for a car in February 2024. However, she says that since an early stage the car has been making strange noises.

Miss S made a complaint to SF about it – but it responded in September 2024 to say it was unable to provide her with a conclusive response.

Miss S escalated her complaint to this service. Our investigator upheld the complaint but SF did not respond so the matter was escalated to me for a 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. SF 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 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 Consumer Rights Act 2015 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. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The Consumer Rights Act 2015 ('CRA from now on') 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 can be aspects of the quality

of goods.

SF supplied Miss S with a second-hand car that was around 6 years old and had done around 47,000 miles at the point of supply. It is fair to say that in these circumstances a reasonable person would consider that the car had already suffered wear and tear – and was likely to require more maintenance and repairs than you might see on a newer, less road worn model. However, I note the car was priced at £16,440 which is a notable amount. And as it wasn't very old or high mileage there would still be reasonable expectations around quality particularly in respect of the early stages of using it.

Unfortunately, in this case the evidence suggests that Miss S had issues with the car from a very early stage. Miss S has told our investigator that the problems with a loud grinding noise on reversing begun on receipt of the car. She has also provided a very detailed credible and consistent written timeline explaining that the problems began on delivery. And I note to support this Miss S has provided additional evidence – such as early correspondence between her and the dealer from early February 2024 reporting loud/'screaming' noises from the car which she suspected were brake related. I note that later emails and video checks from the dealer acknowledge the presence of a noise that requires repairs – which further corroborates the issues Miss S reported earlier.

All things considered, and noting SF's lack of persuasive evidence to show otherwise, I am satisfied that the car from an early stage had problems with loud noises on reversing. And although this is a second hand car that would be expected to have some wear and tear I think the issue renders the car of unsatisfactory quality because:

- It occurred almost immediately; and
- evidence of more than one attempt to diagnose and resolve the issue supports that it is likely a more significant issue than simply worn brake pads or discs.

So I am satisfied that SF breached its contract with Miss S by supplying her a car that was not of satisfactory quality. I turn to a suitable remedy in the circumstances here.

I note that several attempts to address the problem appear to have taken place. I say this due to Miss S's persuasive testimony – and the video check evidence from the dealer. Under the CRA a repair can be a reasonable remedy. However, here I am not persuaded that the repair attempts were successful. I say this not only because of Miss S's persuasive testimony about the issue not being fixed but also because she has provided an independent report from another garage from January 2025 confirming the 'constant noise present from the rear brakes when reversing' had not been resolved. And that this noise was identified previously in June 2024.

All in all, and noting SF's lack of response to this case to make me think otherwise I consider it fair that Miss S can now reject the car. I say this noting the failed previous attempts to repair the car and the fact that putting right this issue has taken a significant amount of time to date in any event.

SF should fairly collect the car from Miss S without charging for collection and end the agreement with nothing further for her to pay relating to the rental period after collection. If Miss S has paid for this period at all SF should refund this. SF should also refund Miss S's deposit of £3,000 and end the agreement ensuring no adverse information is on her credit file in relation to it.

Miss S has been using the car but her use has been impaired by the problems with it. For example it has been making a loud noise every time it is reversed. There has also been some loss of use due to it being in for diagnostic checks or attempted repairs on several

occasions related to the issues. In the circumstances I am persuaded it's fair for SF to refund Miss S 20% of her monthly rental payments made from the start of the agreement until the point of settlement to reflect this.

If Miss S has paid for any diagnostics or repairs in respect of the issue with the loud noise on reversing SF should be liable for this on production of receipts from Miss S.

Miss S paid for tyre and wheel protection for £774, however, she should not have to pay for this in respect of the period after she gives back the car. I note this protection was financed by the agreement so my direction to end liability under said agreement will already serve to ensure she does not pay for this beyond the pro-rated use she has had to date.

Miss S has been caused frustration and inconvenience by this issue. She had to take the car back to the dealer to look at it several times, and she has explained due to the ongoing nature of the issues she has had to have the car checked constantly to ensure it is roadworthy. This isn't a science but in order to decide fair compensation I have looked at our published approach on our website to distress and inconvenience awards. Here I note the matter has been going on for many months, and has caused Miss S more than the usual inconvenience you would expect in everyday life. She is evidently very worried about the issue – and I note here an aggravating factor is that SF appears to have not provided any support in the matter. Miss S has also described the loud noise every time she reverses as 'embarrassing'. And I can see why it would be upsetting in this way. Here I consider the £350 recommended by our investigator to be fair and reasonable in the circumstances.

I note that in deciding a fair way to put things right, SF has not provided any submissions to persuade me otherwise.

Putting things right

As set out below.

My final decision

I uphold this complaint and direct Stellantis Financial Services UK Limited to:

- end the finance agreement ensuring the customer is not liable for monthly rentals after the point of collection (it should refund any overpayment for these if applicable);
- take the car back (if that has not been done already) without charging for collection;
- ensure that there is no adverse information in relation to the credit agreement left on the customer's credit file;
- refund the deposit of £3,000;
- refund 20% of each monthly rental paid to the point of settlement;
- reimburse the cost of any diagnostic report in relation to the fault identified above (on production of valid receipts for the same);
- pay 8% simple yearly interest on all refunds from the date of payment to the date of settlement; and
- pay £350 compensation.

If SF considers it should deduct tax from my interest award it should provide Miss S with a certificate of tax deduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 August 2025.

Mark Lancod
Ombudsman