

The complaint

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

What happened

Stellantis supplied Mrs X with a used car on a hire purchase agreement in February 2022. The cash price of the car was around £44,500 and it had covered around 2,600 miles since first registration in May 2021. The hire purchase agreement required payments of around £420 for 47 months followed by a final payment of around £13,200. Mrs X said she paid a deposit of £15,000 by way of part exchange and cash, and there was a dealer contribution of £2,000.

Mrs X complained to Stellantis in February 2024. She said that shortly after getting the car there was a fault and it was recovered. The car was repaired twice in 2023 due to issues with the turbo, which took a significant amount of time. In February 2024 the car broke down again with a battery fault, so she told Stellantis she wanted to reject it.

Mrs X referred her complaint to our service because Stellantis told her its time to consider the complaint had ended. An investigator here looked at the complaint, she said that the car wasn't of satisfactory quality due to the number of significant faults in the first couple of years. She said that Stellantis already had an opportunity to repair the car, so Mrs X was entitled to reject it. She set out the steps she thought Stellantis needed to take to put things right:

- end the agreement with nothing further to pay
- collect the car at no cost to Mrs X
- refund Mrs X's deposit/part exchange contribution of £15,000
- refund the monthly instalments from 1 February 2024
- refund Mrs X her cost to insure and tax the car since 6 March 2024 subject to suitable evidence
- pay 8% simple interest on all refunded amounts from the date of payment until the date of settlement
- pay a further amount of £200 compensation for the trouble and upset that's been caused due to the faulty vehicle.
- remove any adverse information from Mrs X's credit file in relation to the agreement

Mrs X agreed with our investigator, but Stellantis disagreed. It said that all the repairs had been made under the warranty and Mrs X had been provided a courtesy car. It said as the car had now been repaired rejection wasn't a suitable remedy.

The complaint has been passed to me to make 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.

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.

Where the evidence is incomplete or inconclusive (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

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 also 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 were faults with the car. I've seen the job cards and although the repairs appear to have been covered by the warranty, the repairs refer to major faults including the turbo and the battery.

The car initially had a fault relating to the screen/radio which developed soon after Mrs X acquired it. Around a year later there was a fault relating to the drive shaft which had a recall, the car was around two years old by this point. A further fault developed a couple of months later relating to the turbo, and then again shortly after which appears to relate to a failed repair to the turbo. By the time of the latest fault relating to the battery, the car was less than three years old and had travelled around 27,700 miles. Mrs X had been able to drive around 25,100 miles while the car was in her possession.

In Mrs X's case the car was used when it was supplied, but it was less than a year old and had only covered around 2,600 miles. I'm conscious the cash price of the car was around £44,500 so I don't think a reasonable person would have expected it to have any significant issues for quite some time.

Stellantis don't appear to disagree that there were faults, but it isn't clear whether it accepts the car wasn't of satisfactory quality. So, for the avoidance of doubt, I'll explain my reasoning.

Stellantis told us that the first repair concerned a display screen/radio failure. I've seen its communication with the retailer which said "there were two instances of turbo failure, firstly after fourteen months of ownership and having travelled 18k miles. The second occasion was in quick succession and as a result of parts failure from the previous repair, both carried out under warranty and with a courtesy car. The vehicle has now been recovered after a further eight months and 7k miles, however it is yet to be under go diagnosis to establish the cause". [sic] Later emails confirm the latest fault relates to an "internal traction battery fault" and the job card shows that this was replaced under warranty at a cost of around £5,200. In total there appear to have been five occasions when repairs were necessary, some of which cost thousands of pounds. I appreciate these have been repaired at no cost to Mrs X but at least some of them appear to be significant faults.

Considering this was a three-year-old car that had been serviced regularly and cost £44,500, it seems unlikely that needing at least three major repairs 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.

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.

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 problems were inherent in the car and as such they 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.

Stellantis' main argument seems to relate to what needs to be done to put things right. It said that repairs had been made under the warranty at no cost to Mrs X, and the retailer had taken reasonable steps to minimise inconvenience by supplying a courtesy car. It said that rejection of the car wouldn't be an appropriate remedy.

I can understand Stellantis' position, but I have to say that I disagree. The CRA sets out that (outside the first 30 days) if the car isn't of satisfactory quality, there's been a repair attempt, and the car still doesn't conform to the contract, Mrs X should be able to reject it. Mrs X tried to reject the car, but it seems a repair was carried out anyway while the car remained with the retailer. I think it would be unfair to force Mrs X to accept the repair just because it has already happened. So, I agree with our investigator's assessment that Mrs X should have been and should now be able to exercise her final right to reject.

Mrs X has been without use of the car since February 2024, and she told us she had maintained her repayments. As she hasn't had use of the car since then it's fair that she gets a refund of all of her payments since the date the car was recovered.

Mrs X has provided evidence that she part exchanged a car and £10,000 was put towards the new agreement. She's also provided evidence of paying a further £1,000 deposit. The agreement and invoices that I've seen don't clearly set out what deposit was paid. The dealer invoice indicates a deposit of £17,000 but I'm aware that a dealer contribution of £2,000 was proposed in the order form. Mrs X said she thought she paid £15,000 in total, but she hasn't been able to give me any evidence of the remaining £4,000. Mrs X should

get a refund of whatever she has paid towards a deposit subject to suitable evidence of payment. I note Mrs X has said her account from the time is now closed, but she should still be able to ask the bank for a statement from around the time as evidence. If she's paid £15,000 rather than £11,000 Stellantis should refund the whole amount. Otherwise if no evidence is forthcoming she should be refunded £11,000. These sums should be refunded, plus simple interest from the date of payment to the date of settlement.

Stellantis said that Mrs X asked to reject the car in February 2024, so the costs of insuring and taxing the car while it sat with the retailer are consequential losses that she has incurred. I think it's fair that Stellantis refund these, subject to suitable evidence of payment and deduction of any pro rata refunds if available once Mrs X cancels her insurance.

It would be hard to imagine it hasn't been inconvenient for Mrs X to be without the car that she is paying for. I appreciate that she has had access to a courtesy car, but I'd have liked to have had a bit more information about that, as her car was being repaired for a couple of months from what I can see. Mrs X has had some major faults to deal with, several repairs and poor service from Stellantis. I think she has made more than a reasonable effort to sort things out and her personal circumstances at the time meant that problems with the car were an additional worry. But I can see that Mrs X agreed with the investigators opinion and I need to decide matters quickly and with minimum formality. So I agree that the compensation of £200, and other items set out, seems broadly fair.

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 Mrs X
- 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 Mrs X her deposit of £11,000. Or if Mrs X is able to provide suitable evidence of paying £15,000 this should be refunded.
- Refund Mrs X any payments she made from February 2024
- Refund the cost of the insurance and road tax since February 2024 subject to suitable evidence of payment and any pro rata refund on cancellation
- Pay 8% simple annual 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 Mrs X how much tax it's taken off. It should also give Mrs X a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs X to accept or reject my decision before 11 April 2025.

Caroline Kirby
Ombudsman