

The complaint

Ms B is unhappy that a car supplied to her under a hire agreement with LeasePlan UK Limited was of an unsatisfactory quality.

What happened

In September 2023, Ms B was supplied with a new electric car through a hire agreement with LeasePlan. The agreement was for 36 months with monthly rental payments of £357.56. Ms B also took out an optional maintenance plan at an additional £18.56 a month.

Ms B had problems with the car in April 2024 – there was a persistent battery warning light on the dashboard, despite the 12v battery being recharged several times by a breakdown company. Ms B complained to LeasePlan but they said they wouldn't provide her with a courtesy car or any assistance as she hadn't selected the relevant option in the contract.

The car was inspected by a manufacturer's garage, and they replaced the wiring harness which resolved the issue with the 12v battery. Ms B was also provided with a courtesy car from the garage.

Ms B had a subsequent issue that the on-board battery packs used to drive the car weren't charging properly. LeasePlan arranged for the car to be inspected by an independent engineer, and this inspection took place on 16 December 2024. This inspection identified that the issue was with Ms B's home charger, and not the car itself.

Ms B had complained to LeasePlan, and they upheld her complaint. They said there had been an issue with the car but it had now been fixed. So, they didn't think they needed to do anything more. Ms B wasn't happy with this response, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said there was a fault with the car, and this was resolved by replacing the wiring harness. While this meant the car wasn't sufficiently durable when it was supplied to Ms B, as the repair was successful, she shouldn't be allowed to reject the car. However, the investigator thought LeasePlan should've kept Ms B mobile while her car wasn't working and before she was supplied with a courtesy car from the garage. As they didn't do this, the investigator said they should pro-rata refund the rentals Ms B made during this period.

The investigator also thought LeasePlan should pay Ms B a total of £300 for the distress and inconvenience she'd been caused. LeasePlan didn't agree with the investigator and asked for this matter to be passed to an ombudsman to decide.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't

believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Ms B was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, LeasePlan are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless LeasePlan can show otherwise. So, if I thought the car was faulty when Ms B took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask LeasePlan to put this right.

In this instance, it's not disputed there was a problem with the car, nor that this fault made the car of an unsatisfactory quality, due to its insufficient durability, when was supplied to Ms B. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think LeasePlan should do to put things right.

Putting things right

Section 24(5) of the CRA says "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" This is known as the single chance of repair. And only if this single chance at repair fails would Ms B be allowed to reject the car.

While the wiring harness was replaced on the car, Ms B has said she's had ongoing issues with the car charging. However, an independent report has confirmed this was due to a fault with Ms B's home charger, and not the car itself. As such, and given that I haven't seen anything to the contrary, I'm satisfied the single chance at repair was successful and Ms B doesn't have the right to now reject the car.

LeasePlan don't think they should be responsible for the time Ms B didn't have use of the car as she didn't select the relief vehicle option on the agreement. I disagree with this. The car was off the road and undrivable between 21 April and 6 May 2024, during which period she wasn't provided with a courtesy car. However, she was still paying LeasePlan for this period, so was therefore paying for goods she was unable to use. As it's not disputed the car wasn't of a satisfactory quality when it was supplied to Ms B, for which LeasePlan are responsible, I don't think it's fair that they also charge her for this period. So I will be directing them to refund some of the rental payments.

I've also noted that, having reviewed the agreement Ms B signed, there is no option for her to select 'relief vehicles', only a maintenance plan. As such, even if I were to agree with

LeasePlan's argument, it wouldn't be fair for them to rely upon Ms B not choosing an optional extra she was not offered.

Finally, I think Ms B should be compensated for the distress and inconvenience she's been caused by the above. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended LeasePlan pay Ms B an additional £300, to recognise the distress and inconvenience she was caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Ms B would've felt by being supplied with a car that wasn't of a satisfactory quality. And I think it also fairly reflects the fact that LeasePlan could've done more under their Consumer Duty obligations, particularly when considering the information they provided suggesting they weren't responsible for 'manufacturing issues'. So, this is a payment I'm directing LeasePlan to make

Therefore, LeasePlan should:

- remove any adverse entries, relating to any rentals that may have been missed while the car was being repaired, from Ms B's credit file;
- refund a pro-rata equivalent of the rentals Ms B paid between 21 April and 6 May 2024;
- apply 8% simple yearly interest on the refunds, calculated from the date Ms B made the payment to the date of the refund[†]; and
- pay Ms B an additional £300 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (LeasePlan must pay this compensation within 28 days of the date on which we tell them Ms B accepts my final decision. If they pay later than this date, LeasePlan must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires LeasePlan to take off tax from this interest, LeasePlan must give Ms B a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Ms B's complaint about LeasePlan UK Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 29 April 2025.

Andrew Burford
Ombudsman