

The complaint

Mr S complains that the car he acquired financed through a hire purchase agreement with Stellantis Financial Services UK Limited ("Stellantis") wasn't of satisfactory quality.

What happened

Mr S acquired a car financed through a hire purchase with Stellantis he signed on 12 July 2024. Almost immediately Mr S reported issues with the car. He took it to a specialist garage which diagnosed multiple faults and estimated a repair cost of nearly £7,000. The dealer agreed to contribute to the cost (£3,000) but failed to transfer the full amount. The car then developed further issues which M diagnosed at a cost of over £1,300. Mr S initially complained to the broker and then brought a complaint to Stellantis. He wanted to reject the car and end the agreement.

Mr S had difficulty getting a resolution from Stellantis and also experienced a dispute with the dealer over the repairs Mr S had paid for. He also received confused advice from the broker. He brought his complaint to this service.

While with this service the broker contacted Mr S and agreed to remove him from the agreement and the car was returned. Mr S still had no clarity on what payments or costs if any would be refunded. In its final response Stellantis said the broker had accepted Mr S's right to reject the vehicle and upheld the complaint but provided no clarity on how the agreement would be financially concluded.

Our investigator outlined details of what payments and costs should be refunded to Mr S along with a recommendation of £200 compensation for any distress and inconvenience the situation had caused Mr S.

Stellantis didn't respond to our investigator's view. Mr S said £200 didn't adequately reflect the impact Stellantis's failures had had on his financial and personal well-being and asked for a decision from an ombudsman. He thought £1,000 to £1,500 would be more appropriate. Mr S made some further comments to which I have responded below where appropriate.

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 agree with the conclusions reached by the investigator for the reasons outlined below.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time. Mr S's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Stellantis, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr S. Whether or not it was of satisfactory quality at that time will depend on several factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr S was nearly four years old, had been driven for about 61,000 miles and had a price of £33,995. 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 that time is will depend on several factors.

If I am to decide the car wasn't of satisfactory quality, I must be persuaded faults were present at the point of supply. Faults that developed afterwards are not relevant, moreover even if the faults reported were present at the point of supply this will not necessarily mean the car wasn't of satisfactory quality. This is because a second-hand car might be expected to have faults from wear and tear but this will not necessarily mean the car is not of satisfactory quality.

It's been accepted by the broker and Stellantis that there is a fault with the car which deemed it of unsatisfactory quality and Stellantis has agreed to reject the vehicle. So it's left for me to decide the financial remedy.

The problems with the car presented very early into the agreement. Mr S has said he hasn't had use of the car since August 2024. He complained to Stellantis on 12 August following the diagnosis of turbo problems. Our investigator recommended Stellantis refund all rentals for the periods where the vehicle wasn't available due to diagnostics/repairs. Mr S acquired the car on 12 July. Mr S had impaired use of the car in the first 30 days while it was being diagnosed and repaired before he eventually stopped using it so I think it fair 50% of his first payment is refunded and all subsequent payments.

Mr S incurred repair costs which were due to the car not being of satisfactory quality. Stellantis must refund these costs subject to Mr S providing it with invoices and proof of payment.

Mr S has told this service about the difficulties he's experienced both in trying to get the vehicle repaired and then in trying to exit the agreement. He's said this has caused him stress and has had a profound impact on his financial and personal wellbeing, including negatively impacting his credit file. He explained Stellantis had failed to offer him any meaningful support with poor communication and false promises. I'm very sorry to hear this and I do understand Mr S's frustration with the problems he's had both with the vehicle and with resolving the agreement.

When we consider awards for non-financial loss, we think about the individual circumstances and the effect on the people involved. There isn't a set formula that we use to calculate awards for particular errors – it's my role to look at the overall picture and decide what would be fair and reasonable in the circumstances. Our investigator has provided Mr S with a link to understanding how we determine awards for distress and inconvenience so I won't repeat that here. It's also not my role to punish the business. Mr S has said given the severity and duration of Stellantis' failings; he believed the recommended compensation of £200 is inconsistent with previous Ombudsman decisions in cases of significant customer distress caused by financial institutions. I can certainly appreciate the challenges Mr S had while trying to get his car and agreement sorted and I'm sympathetic to the fact he believes his complaint warrants more compensation. I don't mean to be discourteous to Mr S but having looked at our guidelines I'm satisfied that £200 compensation is fair and reasonable and what I would expect under the circumstances.

Putting things right

To put things right Stellantis Financial Services UK Limited must:

- End the agreement with nothing further to pay.
- Collect the car (if this has not been done already) at no further cost to Mr S.
- Issue Mr S with a breakdown of the full settlement figures as he has requested.
- Refund Mr S's deposit contribution of £1,000 if it has not done so already.
- Refund 50% of the first rental payment and all subsequent payments.
- Refund to Mr S the repair costs incurred as a result of the inherent quality issues with the car (subject to invoices and proof of payment for each repair expense provided to Stellantis.)
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- Pay Mr S £200 for any distress or inconvenience this situation has caused.
- Remove any adverse information from Mr S's credit file in relation to this agreement.

My final decision

My final decision is I uphold this complaint and Stellantis Financial Services UK Limited must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 May 2025.

Maxine Sutton
Ombudsman