

## The complaint

Miss S complains about the quality of a new car she acquired through Volkswagen Financial Services (UK) Limited ('VW'). Miss S says that she has had persistent problems with the infotainment system on the car as Apple CarPlay ('CarPlay') can stop working at times.

## What happened

Our Investigator thought the complaint should be upheld and. VW didn't agree. Miss S didn't entirely agree with the compensation our Investigator recommended. The complaint was then passed to me.

I issued my provisional decision saying that Miss S' complaint should be upheld in part but that I was considering changing the compensation. A copy of the background to the complaint, and my provisional findings, are below in italics.

## What I said in my provisional decision:

*Miss S' complaint is about the quality of a car she acquired in April 2023. The car was new when she received it. Miss S started a hire purchase agreement at the same time. The vehicle had a retail price of £21,647.25. Miss S paid a £3,000 deposit meaning £18,647.25 was financed. This agreement was to be repaid through 48 monthly instalments of £274.43 and then a final instalment of £9,720.*

*Below is a summary of the issues complained about by Miss S and the investigation and repair work that has been carried out by the dealership, alongside what has happened in respect of the complaint.*

*Miss S has complained that the CarPlay feature on the car's media system doesn't properly work. She says that it will work at times but at other times it will intermittently not provide all the features it should, or not work at all.*

*Miss S has said that she had some problems with CarPlay on a previous car she had with the same manufacturer. She owned this car between June 2020 and May 2023. And she has owned her current car from May 2023 onwards. Whilst I've borne in mind what she has said about the earlier car I'm only considering her current complaint about the car she has now. I won't be able to consider a complaint about a car she owned some time past as part of this complaint.*

*Miss S has had this issue looked at by the dealership and it has tried to resolve it, but it has been unable to do so. She says she has been told that it is a 'known issue' with this type of car and manufacturer.*

*Miss S has complained to VW saying that due to CarPlay not working, she was paying for a service she was not fully receiving. If she had been told that there was an inherent fault with this manufacturer's implementation of CarPlay then she would not have entered into an agreement to purchase this car.*

*VW considered this complaint, and it didn't uphold it. It has agreed that Miss S has experienced some issues with CarPlay, but it says that this is due, for the most part, to the phone and service provider updating its phone software frequently but not the in car software. This can lead to incompatibilities. It initially offered a goodwill gesture of £165.*

*Miss S didn't agree with this and brought her complaint to the Financial Ombudsman Service.*

*Our Investigator upheld Miss S' complaint. He thought that the car wasn't of satisfactory quality as CarPlay is an advertised feature of the car and it wasn't working all the time. But he thought that, other than this, the vehicle was working correctly and so £500 was reasonable compensation. VW has agreed to pay this.*

*Miss S didn't agree with the Investigator. She said this had all caused her lot of stress and inconvenience over multiple vehicles. She said she would not have gone ahead with the car purchase if she was informed about the problems she would have. She thinks the contract should be cancelled or she should receive around £20,000 compensation.*

*There was some further correspondence, but no new issues were raised. Miss S did say that she would accept a lower amount of £12,000 but her reasons for wanting the complaint to be upheld remained the same.*

*As Miss S didn't agree, this matter has been passed to me to make a final decision.*

### **What I've provisionally 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.*

*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 is good industry practice at the relevant time.*

*The agreement in this case is a regulated hire purchase – so we can consider a complaint relating to it. VW as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.*

*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. 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 car's history.*

*The CRA 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.*

*Here, the car was acquired new. So, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a second-hand, more road-worn car and that it could be used – free from defects – for a considerable period of time.*

*Miss S has provided evidence (in the form of videos and explanations) that show that CarPlay does not always work. She has said that it will work for some of the time but not at others, and I agree that this is the case.*

*VW has looked at Miss S' car several times and it has agreed that this problem can be present. It has attempted to rectify it with a software update but has been unable to do this. There doesn't seem to be any prospect that the problem with CarPlay can be rectified soon. I've therefore thought about whether this means that the vehicle was of satisfactorily quality.*

*VW thinks there is no manufacturing defect with Miss S' vehicle. It said the vehicle and media system is working as intended and it is the compatibility of Miss S' phone operating system with*

*the system of the vehicle that is causing the problem. It thinks she has upgraded her phone operating system, and it is not compatible with the system in the car. And so, the fault is ultimately not with the car.*

*I don't agree with this. This is a new car and all the parts and features of it should work as intended. I don't think it's right to say the media system is working as it should as the CarPlay feature can stop working intermittently. I don't think it's relevant that this isn't a 'manufactured' part of the car. The software and electronic systems of a car are important, and they should all work as intended. Even if they aren't, for example, essential for the safety or driveability of the car. These are features and systems that are included in the price of the car.*

*And I don't think this is altered by it being related to a third party software or application. The CarPlay feature is part of the car she acquired and if it is not working properly then it should be rectified. And VW is responsible for all the car being of satisfactory quality, not just certain parts of it.*

*Overall, having looked at everything I've been provided, I think it's reasonable to say that the car wasn't of satisfactory quality. And I agree that Miss S is paying for features of the car, or a service the car provides, that isn't always working as it should.*

*So, I agree that compensation should be paid to Miss S. And this is where I am planning to depart from what our investigator has said.*

*Very broadly speaking under the CRA, if the goods aren't of satisfactory quality, and the supplier has been unable to repair them, then the consumer should have the right to reject the goods. I think this is what should happen here. The car isn't of satisfactory quality, it has been looked at by the dealership who have essentially said it can't be rectified by them. So, Miss S should now be able to reject the car and the finance should be ended.*

*Miss S has outlined this has caused her some problems over her time of ownership which I do acknowledge, and she should receive some compensation for this. That said most of the car is working as it should be and she has been able to travel in it mostly as normal. It isn't unsafe to drive or has broken down. Taking this into consideration I think a refund of 5% of the finance payments is reasonable up to the time the complaint is settled.*

*Miss S has been caused some inconvenience by all of this and she has outlined how distressing she has found the problems with the car. I can see that this has been a long running problem for her, and I don't doubt that she has found it all to be very frustrating. I think £250 compensation for this is reasonable, in addition to the above steps.*

## **Developments**

VW, and Miss S, received my provisional decision. VW didn't agree with my provisional decision. It said that Miss W had paid a £2,000 deposit and she had benefitted from a £1,000 deposit contribution from the dealership. And it didn't think it was fair to say the issue with CarPlay was present, or developing, at the point of supply as Miss S had driven the car for around eight months before the issue was raised. VW said the problem is still due to the compatibility of the software with her phone. It said it wasn't certain that the issues with CarPlay were continuing.

Miss S also didn't entirely agree with the compensation I thought was reasonable. She said she would like to keep the car if possible and she said what she thought were alternative ways to compensate her. She also provided a phone call in which she said a 'goodwill gesture' of £2,686.12 was offered to her.

## **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 have noted what VW have said about the CarPlay issue potentially not being present at the time of supply and only developing some months later. And that this issue may be due to compatibility problems with some third party applications and software.

This is something I had already considered. But I still think that this was a new car and all of it should work for a significant time without problems. I've seen evidence that CarPlay isn't always working as it should. And I agree that this is a feature that Miss S is paying for, and it isn't fair to essentially say that, after a relatively short time, it isn't working and is not fixable. VW should either put this right or pay compensation. It's clear it can't be repaired easily, and so it should compensate Miss S.

Miss S thinks the compensation should be different, I have listened to the call she provided and while a higher amount of compensation was discussed between her and VW. As she notes, this offer was never actually made to her.

But, in any event I have been asked to decide what is fair compensation. And where a car isn't of satisfactory quality, and a repair has failed, or is not realistic, then it is right that a consumer is given the opportunity to reject the car. And having considered again what both sides have said I still think this is the right outcome here. And this would avoid any related problems Miss S might have in the future with the infotainment system, which could be more serious.

I also still think the amounts of compensation for the impaired use of the car and the compensation for distress and inconvenience are reasonable.

That said I have taken on board what Miss S has said about her personal situation potentially making rejecting the car problematic for her. I don't think it's unreasonable for Miss S to accept my decision and keep the car. But the compensation payable will need to be amended.

If Miss S wants to keep the car she can accept the final decision and indicate that she wants to do this. Out of the compensation below VW should then pay 5% of the monthly payments up to the time of settlement, plus interest at 8% simple, and the £250 compensation for the distress and inconvenience it has caused her.

For the avoidance of doubt, if Miss S wants to keep the car VW should **not** end the finance agreement, collect the car and refund her deposit.

And when thinking about what to do, Miss S should bear in mind that if she keeps the car it will be unlikely to be reasonable to raise issues about CarPlay later, if for example, the functionality of it worsens. She will be keeping a car with a known problem and taking on the risk of this.

### **Putting things right**

I uphold this complaint against Volkswagen Financial Services (UK) Limited and tell it to:

- End the finance agreement and collect the car at no further cost to Miss S.
- Refund Miss S any deposit, or other amounts, she paid to acquire the car.
- Refund 5% of the monthly payments made from the start of the finance agreement until the complaint is settled.
- Pay 8% simple yearly interest on all refunds calculated from the date of payment to date of settlement.

- Pay £250 compensation for the inconvenience and distress this situation has caused her.

If VW considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss S how much it's taken off. It should also give Miss S a tax deduction certificate if he asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

If Miss S indicates that she wants to keep the car then this redress can be amended as I've said above.

### **My final decision**

For the reasons I've explained, I uphold Miss S's complaint.

Volkswagen Financial Services (UK) Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 18 April 2025.

Andy Burlinson  
**Ombudsman**