

## **The complaint**

Mr L is unhappy with the quality of a car supplied by Hyundai Capital UK Limited using a conditional sale agreement.

## **What happened**

On 16 June 2020 Mr L entered into a conditional sale agreement with Hyundai for a new car. The cash price was £29,174.

In June 2021 Mr L had the car serviced. The service invoice shows the car had been driven 8,789 miles and that there was an issue with the tensioner and crankshaft pulley bolt. Mr L has also said that the engine block was replaced at this time too.

The car then went in for a visual health check in August 2023. It had been driven 18,950 miles. The check found an injector fault which was then replaced. Mr L was provided with a hire car during this time.

Mr L says he travelled 20 miles after this repair and the car broke down. It was initially taken back to the garage, but Mr L then had to pay for it to be recovered to his home. He was then unable to drive it again.

Mr L approached the dealership for help. They said that the engine of the car needed to be stripped to find out what the issue was. But they explained that because the car hadn't been serviced every year the warranty was no longer valid, so they wouldn't cover the investigation work or repairs.

Unhappy with this and the quality of the car, Mr L approached Hyundai to complain. They supported the dealership's position and said that as Mr L hadn't had the car serviced every year the warranty was invalid. And because of this, they didn't think they were responsible for the repairs. They said this as they didn't think the engine fault was due to the car being of unsatisfactory quality at the time of sale.

An investigator looked into the case and said they thought there was enough evidence to say that Hyundai were responsible for the engine repairs. He said this because he didn't think the car was of satisfactory quality when it was supplied. He concluded that Hyundai should either investigate and repair the car or allow Mr L to reject it.

He also said Hyundai should pay Mr L for the cost of the recovery from the garage, refund any payments he made when he didn't have use of the car (or access to a hire car) and add 8% simple interest to these amounts. He said if there was any adverse information being recorded with credit reference agencies, this should be removed as well.

Hyundai disagreed and asked for an Ombudsman to review the case. So, Mr L's case has been passed to me to make a decision.

Since the investigator issued his findings, Mr L has returned the car and paid £150 to Hyundai. Mr L has explained that at the time the car was handed back it had been driven

around 18,900 miles.

Hyundai have confirmed that no work or inspections have been carried out on the car since it has been returned to them.

I sent Mr L and Hyundai my provisional decision on this case, on 12 March 2025. I explained why I think the complaint should be upheld. A copy of my provisional findings is included below:

*Mr L acquired the car using a conditional sale agreement and so The Consumer Rights Act 2015 (CRA) is the relevant legislation for this complaint. The Act sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of satisfactory quality. Satisfactory quality is essentially based upon what a reasonable person would consider to be satisfactory. In instances like this when considering the quality of a car, the age, mileage and price are some of the things that I think would be considered to be reasonable to take into account.*

*The CRA gives consumers 30 days to automatically reject the goods if they are deemed to be faulty when supplied. If the purchased goods are found to be defective after 30 days but within six months, then the supplier must be given one opportunity to repair or replace the goods.*

*The engine on Mr L's car became faulty three years after he acquired it. Usually, we would expect a consumer to provide evidence that a car was not of satisfactory quality if the fault appeared after the first six months.*

*But I've had to consider that Mr L got the car when it was new, and I don't think that it had been driven a significant number of miles in comparison to its age. I also need to bear in mind that while the car wasn't serviced every year, it had been to garages during this time. Some of the work carried out on it also included checks and repairs to elements of the engine. And I can't discount that the repairs may have contributed to the failure or may be related to it.*

*Considering the car had work completed on the engine during a service and a visual health check, and that it was brand new at the point of supply, I don't think a reasonable person would consider the engine issues to mean the car was of satisfactory quality. I'm more persuaded that the previous repair work, and the age of the car, means the problems with the engine are most likely because of the car not being of satisfactory quality at the point of supply.*

*Hyundai has already taken the car back from Mr L as his agreement came to an end. Considering the car still isn't running and the engine needs stripping, I think allowing Mr L to formally reject it is now the most appropriate remedy under the CRA. So, I think Hyundai should allow Mr L to exit the conditional sale agreement at no extra cost.*

*I've considered that Mr L paid for the recovery after he was told the car couldn't be repaired. As the recovery was because of the engine faults, I think Hyundai should refund Mr L the £150 he says he paid for this, subject to him providing proof of payment. Hyundai should also pay him 8% interest on this amount from the date Mr L paid for the report to the date of settlement. This is because Mr L hasn't had use of these funds from the date he made the payment.*

*Hyundai should refund Mr L's deposit and reimburse the £150 he paid when the car was collected, subject to him providing proof of payment. They should also return the repayments he made after the car broke down in August 2023. This is because he hasn't been able to*

*drive the car (or have use of a hire car) from this time. Again, Hyundai should pay him 8% interest on these amounts from the date Mr L paid them to the date of settlement as Mr L hasn't had use of these funds.*

*In addition to the above, I think it's fair for Hyundai to remove any adverse information from Mr L's credit file.*

Hyundai didn't respond to my decision. Mr L replied accepting the decision. He said he has sent us all the documents he has but is going to obtain some receipts.

### **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.

As Mr L accepted the decision and Hyundai didn't respond, I see no reason to depart from the conclusions I reached in my provisional decision.

### **Putting things right**

My decision is that I uphold this complaint and ask Hyundai Capital UK Limited to:

1. Refund Mr L the £150 he paid for recovery of his car, upon him providing Hyundai with proof of payment of the expense;
2. Refund Mr L the £150 he paid when the car was collected from Hyundai, upon him providing Hyundai with proof of payment of the expense;
3. Refund Mr L the deposit amount of £6,500;
4. Refund Mr L any finance payments he made from August 2023;
5. Add 8% simple interest on parts one to four of this settlement from when Mr L paid each individual payment to the date of settlement of this complaint\*; and
6. Remove any adverse information from M L's credit file.

\*Hyundai must pay these amounts within 28 days of the date on which we tell them Mr L accepts my final decision. If they pay later than this, they must also pay interest on the settlement amount from the date of final decision to the date of payment at 8% a year simple.

If Hyundai deducts tax from any interest they pay to Mr L, they should provide Mr L with a tax deduction certificate if he asks for one, so he can reclaim the tax from the tax authorities if appropriate

### **My final decision**

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 24 April 2025.

Ami Bains

**Ombudsman**