

The complaint

Mrs R is unhappy that a car supplied to her under a hire purchase agreement with CA Auto Finance UK Limited trading as Fiat Financial Services ('Fiat') was of an unsatisfactory quality.

What happened

In November 2021, Mrs R was supplied with a car through a hire purchase agreement with Fiat. She paid an advance payment of £270, and the agreement was for £14,725 over 49 months; with 48 monthly payments of £289.84 and a final payment of £5,159. The agreement also included a warranty, at the cost of an additional £10.09 a month. At the time of supply the car was two months old and had done 17 miles.

Mrs R started to have problems with the car in November 2024, which was diagnosed as a failure of the timing chain. She complained to Fiat, but they said the car was of a satisfactory quality when it was supplied to her, and if the timing chain had been faulty then she wouldn't have been able to drive the car for three years and around 47,000 miles. So, they didn't uphold her complaint.

Mrs R wasn't happy with this response, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said that, while there was no evidence the car was faulty when it was supplied to Mrs R, it still needed to be reasonably durable. And the investigator didn't think it was reasonable to expect a timing chain, that is expected to last between 80,000 and 100,000 miles, to fail after less than 50,000 miles. As such, the investigator thought this lack of durability made the car of an unsatisfactory quality, and that Fiat needed to do something to put things right.

So, the investigator said Fiat should arrange to repair the car; refund the payments Mrs R had paid since 17 November 2024 (after which date she stopped using the car); and pay Mrs R an additional £300 for the distress and inconvenience she'd suffered.

Mrs R agreed with the investigator's opinion, but Fiat didn't. They said there was no evidence that the timing chain was faulty when the car was supplied to Mrs R, and that there were *"a number of potential factors possibly related to the driver's actions that could explain why the fault occurred prematurely."* They also said that, as Mrs R had been able to drive 47,000 miles before the timing chain failed, had the car been faulty when it was supplied to her it would most likely have failed sooner.

As Fiat didn't agree with the investigator's opinion, this matter has been passed to me 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. Mrs R was supplied with a car under a hire purchase 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, Fiat 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 Fiat can show otherwise. So, if I thought the car was faulty when Mrs R 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 Fiat to put this right.

I've seen an undated letter from a garage that confirms the car supplied to Mrs R had a slipping timing chain that was causing engine damage. This letter also confirmed that the car had been serviced in line with the manufacturer's recommendations and that the timing chain failure was a sign of premature wear which *"should not of occurred in this time frame."*

The service history I've seen shows that the car was serviced at 18,751 miles, 32,614 miles, and 45,270 miles. I've also seen a job card from a separate garage, relating to an inspection on the car supplied to Mrs R that took place on 21 November 2024. This stated, *"confirmed that timing chain failed"* and quoted almost £3,500 for repairs. While I haven't seen the exact mileage of the car at this time, I have noted the mileage was 45,270 on 30 September 2024, when the car was last serviced and passed an MOT.

Based on what I've seen, I'm satisfied the timing chain on the car has failed. And it doesn't seem to be disputed that the timing chain failed at around 47,000 miles. Fiat have argued that, if the timing chain had a fault that was present or developing when the car was supplied to Mrs R, then it's highly unlikely she would've been able to drive 47,000 miles before it failed. I'm in agreement with this. However, as stated above, I also need to consider if the car was sufficiently durable.

The timing chain is a part that would be expected to need to be replaced during the lifespan of the car. However, in a well-maintained car, the expected lifespan of a timing chain is in the region of 80,000 to 100,000 miles. The service history I've seen indicates the car was well-maintained, and I've not seen anything to show me that wasn't the case. Fiat have also indicated that the timing chain could fail due to *"driver's actions"*, but they haven't explained what actions would cause such a failure. Nor have they supplied any evidence, for example a report from an independent engineer, that would support that Mrs R's actions were solely and directly the cause of the timing chain failure.

As such, based on the above, I'm satisfied the timing chain failed prematurely due to it being insufficiently durable. And this lack of durability makes the car of an unsatisfactory quality when it was supplied. So, Fiat should do something 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 confirm to contract.*" This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the supplying dealership AND a single chance of repair for Fiat – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

The November 2024 job card from the garage shows that the car is repairable, and neither the supplying dealership nor Fiat have attempted a repair. As such, under the CRA, I think it's reasonable that they be allowed the opportunity to attempt this repair.

Mrs R has been able to use the car while it's been in her possession. Because of this, I think it's only fair that she pays for this usage. However, the car has been off the road and undrivable since November 2024, and Mrs R hasn't been provided with a courtesy car. So, she was paying for goods she was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Fiat failed to keep Mrs R mobile; I'm satisfied they should refund the payments she's made since the car broke down on 17 November 2024.

Finally, I think Mrs R should be compensated for the distress and inconvenience she was 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 Fiat pay Mrs R an additional £300, to recognise the distress and inconvenience 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 impact not having access to a working car has had on Mrs R, but it also takes into consideration that I can only consider the impact on Mrs R as the account holder, and not any impact that may have been caused on her family who were also reliant on Mrs R having access to a working car.

Therefore, if they haven't already, Fiat should:

- arrange for the car to be collected and repaired, without any undue delay, and at no cost to Mrs R;
- remove any adverse entries relating to this agreement from Mrs R's credit file;
- refund any payments Mrs R has paid from 17 November 2024 to when the car is repaired and returned to her;
- apply 8% simple yearly interest on the refund, calculated from the date Mrs R made the payment to the date of the refund[†]; and
- pay Mrs R 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 (Fiat must

pay this compensation within 28 days of the date on which we tell them Mrs R accepts my final decision. If they pay later than this date, Fiat 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 Fiat to take off tax from this interest, Fiat must give Mrs R a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Mrs R's complaint about CA Auto Finance UK Limited trading as Fiat Financial Services. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 26 May 2025.

Andrew Burford
Ombudsman