

## **The complaint**

Mrs M complains that Volkswagen Financial Services (UK) Limited trading as Audi Financial Services (“AFS”) supplied her with a car that wasn’t of satisfactory quality under a hire purchase agreement.

## **What happened**

In February 2024, Mrs M acquired a used car financed by a hire purchase agreement from AFS. The car was around 4 years old and had travelled around 14,000 miles. It had a cash price of £23,888. Mrs M paid a deposit of £1,800 and was required to repay 47 monthly repayments of £365.56 under the hire purchase agreement, followed by one final optional payment of £12,706.25 if she wanted to take ownership of the car.

Around a month later Mrs M took the car to a garage to inspect a water ingress issue. The garage identified that there was a problem with water coming into the car. Mrs M said that she tried to reach out to the supplying dealer for assistance and records of any previous work or tests that might have been carried out on the car before she acquired it. However, she said that the dealership would not assist her.

Mrs M says the issue got progressively worse and the water ingress began to cause electrical issues with the car. In September 2024, Mrs M declared the car off the road with a Statutory Off Road Notice (SORN) and complained in writing to AFS about the quality of the car. She said she wanted to reject the car and get a refund of what she had paid.

AFS said it needed to inspect the car first to establish what repairs might need to be carried out. It asked Mrs M to take it to a manufacturer approved garage. Mrs M said she was not prepared to do this and wanted to reject the car. As AFS weren’t able to inspect the car it didn’t agree to uphold her complaint as it said it was entitled to attempt one repair.

The complaint was referred to this service. Mrs M then agreed to take the car to a manufacturer approved garage for inspection in January 2025. That garage also confirmed that there was water ingress, but also that the battery required replacing as the car had not been driven for a long period of time. AFS agreed it would cover the costs of repairs on the car.

After several weeks the repairs had not been completed. For that reason, AFS agreed to allow rejection of the car and end the finance agreement. It also agreed to refund Mrs M’s deposit, waive all payments from January 2025 onwards and remove any adverse information from her credit file in relation to the agreement. It also agreed to pay £200 compensation for any distress and inconvenience that had been caused.

Our investigator concluded that this was a fair way for AFS to put things right. However, Mrs M didn’t agree. In summary, she said the car had not been driven since September 2024 and so it wasn’t fair for her to have to pay for something she wasn’t using. She said her insurance premiums should also be refunded for the time she had not been using the car and the compensation of £200 did not come close to reflecting the inconvenience and stress the entire matter had caused her.

The complaint has been passed to me for a decision.

### **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.

Mrs M acquired the car under a hire purchase agreement. Our service is able to consider complaints relating to these sorts of regulated consumer credit agreements. The Consumer Rights Act 2015 ("CRA") covers agreements like the one Mrs M entered into.

The CRA implies terms into the agreement that the goods that are supplied are of satisfactory quality. AFS is the "trader" for the purposes of the CRA and is responsible for dealing with a complaint about the quality of the car that was supplied.

The CRA says that the quality of the goods is satisfactory if they meet the standard a reasonable person would consider satisfactory – taking into account the description of the goods, the price and all other relevant circumstances. There appears to be no dispute here that the car wasn't of satisfactory quality. But for completeness, I'm satisfied that's likely the case. Mrs M has provided evidence from a garage that there was a problem with abnormal water ingress shortly after she acquired the car and I've not seen anything to demonstrate this was caused by her actions or due to expected in service wear and tear.

The CRA sets out that in situations such as these, where the goods are not of satisfactory quality, AFS has one opportunity to repair or replace the goods before Mrs M has a right to reject them. I can see that AFS attempted to carry out a repair initially, but Mrs M wasn't prepared to agree to that. Further, she didn't provide any evidence other than what she said to AFS to demonstrate that the car was of unsatisfactory quality (AFS asked for a copy of any inspections carried out by other garages, but Mrs M didn't provide it). With all of that in mind, I don't think AFS acted unreasonably in originally turning down her complaint. It had offered to inspect the car and provide a repair if necessary and this is all that it was reasonably required to do.

I note that Mrs M did then agree to a repair in January 2025 and AFS agreed to cover the costs of repairs. It also agreed to waive any monthly repayments while the car was in for repair and while she was not kept mobile and to pay her £200 compensation. I think this was reasonable in the circumstances.

Unfortunately, the repair was not carried out in a reasonable period of time and without significant inconvenience to Mrs M. The CRA says that in these circumstances Mrs M would be entitled to seek rejection of the goods. I can see AFS offered this as a solution to her. Alongside this it also agreed to waive all payments since January 2025, a refund of her deposit, the £200 compensation and removal of any adverse information from her credit file. Mrs M didn't feel this offer went far enough.

However, I'm satisfied that AFS' offer to put things right was fair. Mrs M had use of the car until September 2024 when she declared it SORN. So, I think it's fair she pays for that use. While she didn't drive the car after September 2024, she did prevent AFS from carry out a repair until January 2025. During this time, it appears further damage may have been caused due to the car not being driven and presumably because further water ingress occurred (although I accept the point about further damage is in dispute). In any event, I'm not persuaded that Mrs M did all she reasonably could to mitigate any loss she might have suffered. She could have engaged with AFS and agreed for the repairs to have been completed earlier and it's possible her inaction may have contributed to additional repairs being required which may not have otherwise been necessary. For these reasons, I do think

its fair for AFS to retain the monthly repayments from September to December 2024 (inclusive).

Mrs M says the compensation of £200 is not sufficient to cover the upset and inconvenience caused to her. Having considered everything that's happened here, I'm satisfied this is a fair payment for AFS to make to account for its actions. I say this because AFS did offer to inspect the car when Mrs M notified it of a problem in September 2024, the delay in getting any attempted repair started was not down to AFS' actions but Mrs M's decision not to allow an inspection to take place.

I note she says she contacted AFS multiple times before September 2024, but I've seen no evidence of that. It appears she may have contacted the supplying dealership or other unrelated third parties, but this isn't entirely clear. However, I'm satisfied that the delays in repairing the car from January 2025 onwards are attributable to AFS as it was its responsibility to carry out repairs promptly. I think its offer to pay £200 compensation is a fair way to put right those delays in the repairs when taken in conjunction with the rest of its offer of accepting rejection of the car, refunding the deposit, waiving payments from January 2025 and clearing adverse data from her credit file.

Mrs M has also asked for a refund of her insurance premiums, but I don't think it would be fair or reasonable to direct a refund of those. She was required under the hire purchase agreement to have the car insured (whether it was driven or not, or in her possession). Further, she will have benefitted from having been insured while having the car.

I understand from AFS that very recently Mrs M has now instructed for the repairs to be completed, rather than accept rejection of the car. AFS says it is prepared to still cover the costs of repairs, but Mrs M would not be entitled to reject the car if the repairs are successful. I don't think that is unreasonable.

Overall, I'm satisfied that AFS has made two fair offers to put things right for Mrs M. It isn't clear at present which of those she wishes to accept, but I'm satisfied that either remedy provides a fair way to resolve the complaint and AFS don't need to do anything more.

### **My final decision**

For the reasons given above, I uphold this complaint and direct Volkswagen Financial Services (UK) Limited trading as Audi Financial Services to carry out either remedy A or remedy B set out below. If Mrs M accepts my decision, she should indicate which of the two remedies she wants to accept:

#### **Remedy A:**

- End the finance agreement and collect the car at no cost to Mrs M.
- Refund the deposit of £1,800.
- Refund any repayments made from January 2025 onwards.
- Pay 8% simple interest per year on the above refunds from the date of each payment to the date of settlement.
- Pay £200 compensation (if it hasn't been paid already) for the distress and inconvenience caused.

#### **Remedy B:**

- Cover the cost of repairs on the car (water ingress and battery).
- Waive any monthly payments since January 2025 where Mrs M has not been provided with alternative transport.

- Pay £200 compensation (if it hasn't been paid already) for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 13 June 2025.

Tero Hiltunen  
**Ombudsman**