

The complaint

Mrs G complains about the quality of a new car that was supplied through a hire purchase agreement with Volkswagen Financial Services (UK) Limited (VWFS).

What happened

In May 2024, Mrs G acquired a new car through a hire purchase agreement with VWFS. The cash price of the car was £41,728. A deposit of £4,500 is listed on the agreement, so the total amount financed on the agreement was £37,228 payable over 48 monthly repayments of £531.48 followed by a final payment of £19,507.50.

Mrs G complained that the car went into limp mode when she was travelling on the motorway, and several times after on other roads. Mrs G said she was told by VWFS assist, that it was a known issue and that an update was required but they couldn't say when it would be available, however that she shouldn't use the motorway.

Mrs G said her life was endangered, it affected her ability to get to work and her credit rating was impacted.

In November 2024 VWFS issued their final response to Mrs G's complaint which they didn't uphold. In summary, it confirmed that Mrs G raised her complaint to them in August 2024, that the dealership investigated the issue but were unable to replicate it so they couldn't confirm the fault that was reported. It also confirmed that as of October 2024 there were no pending updates required on the car. It advised that Mrs G had ceased her repayments towards the agreement from July 2024 and was four months in arrears.

Unhappy with their decision, Mrs G brought her complaint to our service where it was passed to an investigator to look into.

Within their file submission VWFS provided a statement of accounts showing no repayments were made towards the agreement from July 2024.

The investigator recommended that Mrs G's complaint should not be upheld. The investigator concluded that although there was a confirmed fault with the exhaust flap, it was successfully repaired. So, there was no evidence to confirm any other issues were present or developing at the point of sale.

Mrs G didn't agree with the investigator's assessment. She confirmed the limp mode issue appeared to be fixed by the exhaust flap repair, but that she was still having issues with the front camera assist and major fault mode. However, as the investigator's assessment remained unchanged, Mrs G asked that her complaint be referred to an ombudsman for a final 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs G complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs G's complaint about VWFS. VWFS is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains the durability of goods is part of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, the car was acquired new, with a cash price of around £41,728. So, I think it's fair to conclude 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

From the information provided I'm satisfied there was a fault with the car. This is apparent from a breakdown report dated 22 March 2025 which identified an issue it described as "*sporadic non start and loss of power*". VWFS also advised the dealership confirmed, in March 2025 they identified a fault with the exhaust flap control (causing the limp mode). Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

Satisfactory quality

In April 2025 VWFS confirmed in an email to the investigator that the dealership identified an error with the exhaust flap control, and it was this error that was making the car go into limp mode. This is the same issue that Mrs G said had happened when she raised her complaint. She said that the car went into limp mode whilst on the motorway and several times after.

Mrs G provided a copy of a breakdown report dated in June 2024, however the comments on the report advised the car was safe to drive and didn't confirm that any issues existed. I think it's likely the breakdown on that occasion related to the car going into limp mode, which both parties have accepted have been repaired.

VWFS confirmed that the dealership had repaired the issue by replacing the flap and clearing the faults. Mrs G in a later email confirmed that the repair had appeared to fix the issue.

With this in mind, I'm satisfied that the car when supplied wasn't of satisfactory quality due to the exhaust flap, particularly as it occurred so soon after supply, and within the first six months of supply. However, VWFS has repaired the fault so I'm satisfied that it's been resolved. VWFS also confirmed a courtesy car was provided whilst Mrs G's car was being repaired so I think their actions here were reasonable.

What appears to be in dispute now however, is that a problem exists which relates to the front camera assist. Mrs G told us this issue isn't fixed. However, VWFS have told us that the dealership, in March 2025 were unable to fault the front camera, and that no fault codes or errors were present about it.

I acknowledge what Mrs G has said about a breakdown report being misplaced and not received by the dealership, but without any expert evidence, for example in the form of a diagnostic report, mechanics comments or job card, to say that an issue with the front camera occurred, I'm not persuaded that the problem exists. In addition, the evidence I do have is from the dealership's garage, who are likely to be industry professionals, which have confirmed that they couldn't identify an issue with the front camera.

So, it follows that although I'm satisfied the car had a fault, I'm also satisfied it was successfully repaired, and under the CRA a repair is an acceptable remedy for faulty goods. I'm not persuaded there are any further issues with the car and so I won't be asking VWFS to take any further action in relation to this complaint.

My final decision

My final decision is that I don't uphold Mrs G's complaint about Volkswagen Financial Services (UK) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 25 July 2025.

Benjamin John
Ombudsman