

The complaint

Mr P complains about a car supplied to him on finance by RCI Financial Services Limited trading as Nissan Financial Services ('RCI').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

RCI supplied Mr P a car on hire purchase in September 2023. Mr P complains:

- Despite the dealer telling him the car had been serviced and received an MOT he had quality issues with it right after it was supplied to him; and
- the car was advertised as featuring a 'heat pack' option but it doesn't have this.

RCI said it couldn't confirm how the car was advertised. And it added that the car was second-hand so would be suffering some expected wear and tear. But as a goodwill gesture it offered Mr P a £200 voucher.

Mr P didn't accept this and brought the complaint to this service. Our investigator said that RCI should pay him £100 compensation due to the quality issues with the car – but she didn't uphold his complaint about the missing feature.

Mr P asked for an ombudsman to make a decision. So the matter has come to me.

I issued a provisional decision which said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

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 to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. RCI is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality and the way they have been described.

Quality

The Consumer Rights Act 2015 is of particular relevance 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".

The Consumer Rights Act 2015 says the quality of goods are satisfactory if they 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 vehicle's history.

The Consumer Rights Act 2015 ('CRA from now on') says the 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.

RCI supplied Mr P with a second-hand car that was around 4 years old and had done around 36,700 miles at the point of supply. It is fair to say that in these circumstances a reasonable person would consider that the car had already suffered some wear and tear – and was likely to require more maintenance and potentially costly repairs sooner than you might see on a newer, less road worn model. However, the car was priced at around £15,000 so there would be some reasonable expectations around quality – particularly at an earlier stage.

In this case Mr P had things go wrong with the car at an early stage. It's not really disputed by RCI that several issues cropped up and were dealt with by repairs. I can see this from a dealer job sheet from October 2023. I have looked at what went wrong and I think that some things can be put down to reasonably expected wear and tear (like squeaky seats and tracking adjustments) but then some are less expected such as an issue with the thermostat causing the EML light to come on – and an issue with the gear box crunching. In relation to these latter issues in particular I think the car was likely not of satisfactory quality.

I can see that repairs were carried out at no cost to Mr P – which isn't an unreasonable remedy under the CRA. And it appears he was given a courtesy vehicle so he wasn't without a car under the finance agreement. So, on the face of it something to recognise the inconvenience of taking the car into the garage for problems like this at an early stage is appropriate. And based on this I think the £100 the investigator recommended is fair and reasonable noting that Mr P was kept mobile and the overall impact was relatively modest.

I know Mr P has questioned whether the car was properly serviced and taken through the MOT prior to sale as he says he was told by the dealer. I don't think the issues with the car conclusively show it wasn't – but I think this ultimately falls away as an appropriate remedy was provided in any event.

I also note Mr P has mentioned not being allowed to reject the car. But I don't have persuasive evidence he identified the faults and asserted his right to reject under the CRA in 30 days following supply here. And I note, to underline this finding when Mr P complained to RCI it wasn't really about this issue of rejection over repair – he says that 'the main reason for my contact' was to do with the advertising around the heat pack (which I turn to below). So I don't consider he likely exercised his short term right to reject, or that RCI should fairly accept the car back based on the information here which indicates the problems (outside of any reasonably expected wear and tear issues) have been dealt with.

The heat pack

Mr P says the car was advertised with a heat pack but it doesn't have this. I understand this is a heated front screen and front seats.

It seems accepted by all parties that the car doesn't have this feature and it cannot be fitted retrospectively – but RCI say that Mr P has not provided evidence that the car was advertised with this feature.

Mr P is adamant it was advertised with this and I have looked at the archived listings for the registration from a credible valuation/industry information site which show that the car was advertised with a heat pack. I have asked RCI for comments and they have reverted to the dealer. RCI has said the dealer is looking to see if they can obtain further information.

I note that under Section 56 of the Consumer Credit Act 1974 RCI is liable for representations made by the broker in arranging the finance. However, I also remind RCI once again that it is the supplier of the goods. Therefore, it is contractually responsible for descriptions applied to those goods. And under the CRA a term is inserted into its supply contract with Mr P that goods will be 'as described'.

To me it is clear the goods were likely not as described here. I know RCI says it has 'no idea' if the listing this service has found is the advert the dealer put up. But I don't see why it wouldn't be when the archived advert is from a credible resource and dated a little while before the car was sold to Mr P in September 2023. I also note that RCI says the dealer has pointed out the screenshot is not from their website – but it stands to reason that this is the case – the screenshot is an archived advert from an industry website, not the original advert.

RCI has also asked how this proves it was on the dealer's website. My role here is to make a finding on the balance of probabilities that the car was advertised with a heat pack. Based on the information I have, including Mr P's testimony – I consider that this was likely the case. I also note that when Mr P raised the issue with the dealer it did not deny that the car was advertised with a heat pack – it simply stated that 'this was an error' by the manufacturer. Overall, I am satisfied the car was likely misdescribed in the advertising.

The issue is what would be fair redress. I don't consider this is a misrepresentation – as I still think Mr P would have entered into the contract for the car had he known the truth. I say this because his submissions (namely his 'timeline' document) persuade me he is more likely to have negotiated a price reduction instead. So I think a price reduction is a fair outcome here.

This isn't intended to be a science but I have thought about what a fair price reduction would be. Our investigator has done some research around the 'heat pack' and its likely financial value. I think it is credible and will ask her to provide it to the parties. I think it shows that the heat pack is worth around £250-£300. So I think £275 is broadly a fair price reduction to award here to represent the loss of this feature.

I know Mr P is part way through a hire purchase agreement. So it isn't clear at this stage if he will see the agreement through to the end. But as Mr P has been disadvantaged I don't think it would be fair to make a pre-emptive deduction here. However, with this in mind, and in an effort to add some balance I don't consider it fair to also direct RCI to pay Mr P out of pocket interest on the price reduction.

I note my redress is based on Mr P having not accepted the £200 goodwill vouchers from RCI. I understand that he hasn't done so. But if it transpires that he has then my redress can be reduced by £200 accordingly.

My provisional decision

I uphold this complaint and direct RCI Financial Services Limited trading as Nissan Financial Services to pay Mr P:

- £275 as a partial refund for the misdescription; and
- £100 for the distress and inconvenience caused by the early quality issues with the car.

I asked the parties for their comments:

RCI accepted my decision.

Mr P did not agree with everything in the decision. In summary, he said:

- The tracking issue was not wear and tear as the steering wheel was not close to being straight – and this should have been picked up in the checks carried out before supply.
- A squeaky seat base could indicate a more serious issue like a loose bolt, broken weld or something that impacts structural integrity – and a mechanic has recently recommended he has a new seat at a cost of £800.
- The £100 compensation does not take into account the hours he has had to take away from work and extra work he has had to do so as not to impact other things in his personal and family life.
- He maintains that the issues with the car show it wasn't properly serviced.
- He would have only purchased the car without the heat pack if significantly more was taken off the purchase price.

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 thank the parties for their comments. However, neither party has given me cause to change my provisional findings – which I still consider fair for the reasons already given (above). These findings now form my final decision alongside the key points below:

I accept Mr P thinks the tracking issues and squeaky seats are more than fair wear and tear. And suggests these were more serious issues related to safety. However, while I acknowledge Mr P's testimony and what he says about his own experience, I don't think there is compelling evidence to suggest these were:

- Significant enough to constitute more than fair wear and tear; or
- that the repairs carried out did not sufficiently remedy these in any event.

And even if I accepted the car was not serviced to an adequate standard leaving outstanding issues on supply that should have been sorted out as Mr P suggests – I note that repairs were carried out in any event.

I know Mr P wants more compensation for the disruption caused to him by the repairs (which I am sorry to hear about) – but as he got a courtesy car I think the £100 is fair and reasonable here.

I know that Mr P says he would have demanded a much greater discount if he knew the car was without a heat pack. But ultimately, we are never going to know what the dealer would have offered him here or what he would have paid if he rejected the deal and sourced an alternative with heat pack. My role is to resolve disputes informally, and redress like this is not a science. I have used information about the likely cost of a heat pack add on to ascertain a fair price reduction. I maintain this is broadly a fair way to work out compensation when confronted with the variables at play here.

I hope that my involvement can resolve things between the parties. However, if Mr P is unhappy with my final decision he is of course free to reject it and consider any options he has for pursuing his dispute by more formal means (such as court).

Putting things right

RCI should resolve things as set out below. I note Mr P has said he didn't accept the £200 goodwill vouchers and explained why. So on the basis that he didn't accept these a £200 deduction from the redress would not be appropriate (however, it would be otherwise).

My final decision

I uphold this complaint and direct RCI Financial Services Limited trading as Nissan Financial Services to pay Mr P:

- £275 as a partial refund for the misdescription; and
- £100 for the distress and inconvenience caused by the early quality issues with the car.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 July 2025.

Mark Lancod
Ombudsman