

The complaint

Mr H complains that a car supplied to him under a hire purchase agreement with RCI Financial Services Limited trading as Mobilize Financial Services (RCI) is of unsatisfactory quality.

What happened

In September 2024 Mr H entered into a hire purchase agreement with RCI to acquire a brand-new car. The cash price of the car was listed as £65,890.00 on the agreement documents with a total credit amount listed as £40,890.00. The agreement was to be repaid by 35 monthly repayments of £469.17, one payment of £469.05 and a final payment of £24,000.00.

Mr H explains that he was due to pick up his vehicle, however refused delivery due to markings or residue on the bonnet. Mr H took delivery of the car in October 2024. Mr H said that around four days after this he noticed condensation in the rear light clusters and following this noticed rough spots under the wheel arch. Mr H added he was advised to stop driving the vehicle due to potential oxidisation. Mr H obtained a detailed inspection report about the condition of the vehicle, and what would need rectifying. Mr H wanted to reject the vehicle and obtain a replacement and complained to the dealership. The dealership explained to Mr H they had the right to repair the vehicle. Mr H was unhappy due to the amount of work the inspection report showed would need to be carried out, and didn't want to accept a repair. Mr H complained to RCI about the issues he'd encountered. In its final response, RCI stated Mr H did not have the right to reject the vehicle for a replacement, as the dealership had the right to repair in the first instance.

As he was unhappy with the response, Mr H brought his complaint to the this service, where it was passed to one of our investigators. The investigator upheld the complaint in part. It was their opinion that RCI have the right to have the vehicle repaired, but that a payment for distress and inconvenience caused was due.

Mr H disagreed with this as he feels a repair is not fair or reasonable resolution as the car is of high value and a premium product. As such, I've been asked to review the complaint to make 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.

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.

Mr H acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr H's complaint

about RCI. RCI is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its 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 that the durability of goods is an indicator 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.

In this case, Mr H acquired a car that was brand new. As this was a new car it is reasonable to say a person could expect the level of quality to be higher than a used-car, and that it could be used free from defects for a considerable period of time.

I’ve reviewed the available evidence about the issues Mr H experienced with the car. Based on what I’ve seen, I’m satisfied that there was a fault with the car. I say this because neither RCI nor Mr H dispute the car has faults with the light cluster and bodywork. I’ve also seen documentation from an inspection report showing issues highlighted, and a repair quote for work that needs carrying out. Having considered the car had a fault, I’ve considered whether it was of satisfactory quality at the time of supply.

Neither RCI nor Mr H dispute the fact that the car was of unsatisfactory quality. Due to this, I will not need to make a finding on if I’m persuaded the car was of satisfactory quality or not, however I am also satisfied that the evidence shows the car was not of satisfactory quality when it was supplied.

Putting things right

As all parties agree the car was not of satisfactory quality, it is reasonable that RCI put things right. It is here that Mr H and RCI disagree. I acknowledge why Mr H has explained he wants a replacement vehicle. Having said this, RCI do have the right to attempt one repair as laid out by the CRA. I have taken on board what Mr H has said about the value of the vehicle and its status as a premium product, however RCI’s rights under the CRA do not change because of this. Having looked at the evidence available, I’m persuaded that a fair outcome is for RCI to repair the vehicle in this case for the reasons explained above. If this repair fails, Mr H may well have the right to reject the vehicle for refund or replacement.

Mr H has explained he hasn’t driven the vehicle full-time since November 2024 eventually using it on dry days. I acknowledge why he took this step, as he took advice from a third party about it. As repair is a fair outcome here, and repairs were offered in relation to the complaint made, I’m not persuaded RCI need to do anything differently in relation to the payments Mr H has made towards the vehicle. It was Mr H’s decision to stop driving the vehicle, albeit understandable due to the advice he received, however as repairs had been offered, it was Mr H’s choice not to take this up whilst he wasn’t using his vehicle.

Having said this, it is reasonable that when Mr H’s vehicle is in for repair, he is kept mobile by RCI for the duration of the repairs to cover loss of use due to being provided with a vehicle that was not of satisfactory quality. The fairest way of arranging this would be for RCI to do one of the following:

- Arrange for a courtesy car to be provided to Mr H whilst his car is in for repair.

- Cover reasonable hire car costs whilst his car is in for repair, plus 8% simple yearly interest on all refunded amounts if applicable from the date of payment until the date of settlement.
- Reimburse Mr H with a pro-rata refund of his monthly payments whilst his car is in for repair, plus 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.

I also considered if a payment for distress and inconvenience was due in this case. Having considered everything available, I agree with the investigator that a payment of £200.00 is fair here. Mr H will have had to encounter inconvenience in arranging repairs and having his vehicle inspected, along with having to take time out to try to have these issues resolved. Mr H will have also encountered some distress in the car not appearing of satisfactory quality and the issues he has faced with it.

My final decision

For the reasons explained, I uphold Mr H's complaint and instruct RCI Financial Services Limited trading as Mobilize Financial Services to do the following:

- Repair the vehicle as outlined above.
- Cover loss of use of the vehicle whilst it is being repaired as outlined above - paying 8% simple yearly interest* if applicable to be calculated from when Mr H made the payment to the date of the settlement.
- Pay Mr H £200 for distress and inconvenience caused.

*HM Revenue & Customs requires RCI Financial Services Limited trading as Mobilize Financial Services to deduct tax from the interest amount. RCI Financial Services Limited trading as Mobilize Financial Services should give Mr H a certificate showing how much tax it has deducted if he asks for one. Mr H can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 October 2025.

Jack Evans
Ombudsman