

The complaint

Mr L is unhappy that a car supplied to him under a hire purchase agreement with RCI Financial Services Limited trading as Nissan Financial Services (RCI) was of an unsatisfactory quality.

What happened

In July 2023 Mr L was supplied with a used car through a hire purchase agreement with RCI. The agreement was for £24,054 over 49 months; with 48 monthly payments of £408 and a final payment of £8,970. At the time of supply, the car was around three and half years old, and had done 17,508 miles.

Mr L said that the car failed to start in February 2025. The mileage at the time was 34,622 miles. He said that he was told by the supplying dealer and the manufacturer the fault was with the high voltage battery system and required diagnosis and repair at a specialist centre.

He said he thought this would be covered by the ten year battery warranty, but was later told the warranty was only for eight years. He said he was later told the warranty was only for five years. He said he discovered that the longer warranty only applied to cars registered from 2023 onwards – he said this was never explained to him by the supplying dealer.

He said he has been charged £576 for preliminary diagnostic checks, and asked to pay more than £900 for further diagnostic checks at the specialist centre. He said he's also been asked to pay the supplying dealer £25 per day for storage of the car, unless he agreed to pay the costs of the additional diagnostic checks. He said these costs are unreasonable and unaffordable.

He said he was misled about the battery warranty and he should not be responsible for the cost of the repairs to the battery, or the cost of diagnostic checks.

He was also unhappy that he was not provided with a courtesy car whilst the car was off the road.

He wants to reject the car as the car has failed within two years, and he expected the battery to last ten years. He said the car was not of satisfactory quality, not fit for purpose, and not as described (particularly the misrepresentation of the warranty cover and the life of the battery).

In their final response RCI said they would not allow rejection as they believed the car could be repaired. They said they understood Mr L wouldn't agree to transportation of the car to a specialist centre for further investigation and diagnosis.

They said Mr L's short-term rights to reject had expired as he had the car for more than six months. They said the warranty had now expired so Mr L was liable for any costs associated to any repairs, unless the manufacturer agreed to contribute as a gesture of goodwill.

They said the car had been diagnosed with a possible issue with the “*battery’s interlock switch circuit*”. They said they could not assist Mr L if he would not agree to authorise transportation of the car to a battery specialist branch as requested by the manufacturer and dealership. The manufacturer also told Mr L that the car should be fully diagnosed by its specialised centre who could provide a diagnostic cost, which would determine what work was required.

The manufacturer told Mr L that it would only supply a courtesy car if the car was covered by the manufacturer’s warranty or the 5-year battery warranty which was no longer the case.

Mr L was unhappy with this response, so he referred his complaint to our service for investigation.

Our investigator said she felt the car wasn’t of satisfactory quality because it wasn’t durable. She said she wouldn’t expect a fault with the large battery on a car with the low mileage this had.

She said that further testing at a starting cost to Mr L of £900 indicated that the root cause of the fault and how to fix it was unknown. She said RCI could’ve done more and could’ve offered to pay for diagnostic costs and repair. She said Mr L should now be allowed to reject the car.

RCI didn’t agree with the investigator. They said the fault was not with the battery as the investigator had suggested. They provided a detailed technical comment supplied by the manufacturer. In short, this stated the fault was with the interlock system and it was wrong to say this was a battery failure.

Because RCI didn’t agree, this matter has been passed to me 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.

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. Mr L was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr L entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, and durability.

So, if I thought the car was faulty when Mr L 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 RCI to put this right.

In this instance, it's not disputed there's a problem with the car. Mr L describes it as a battery fault. RCI, and the manufacturer, explain at length this is not the case. I've considered the technical comment provided by the manufacturer. Having done so, I remain satisfied that this car is not of satisfactory quality as I don't consider it to be sufficiently durable.

Mr L says that a major component such as the battery failing after just 34,622 miles raises serious concerns about quality and durability. I would agree. However, the fault doesn't appear to be with the battery. I accept the manufacturer's comment that the battery was not faulty. When it broke down, the battery gauge indicated 12 bars of battery capacity. I accept that this is likely to mean the battery hadn't itself failed.

The initial diagnostic report identified a fault with the high voltage interlock switch. The manufacturer has described the purpose of this function. It describes it as a built in safety feature designed to monitor the high voltage components. It explains that the fault with the internal interlock switch in Mr L's car would have caused the system to disable high voltage output as a protective response.

It then explains why this is not a battery defect. I accept that point. But I don't accept the comment that the car was sufficiently durable because it ran well for four years. Neither does the fact that it failed after the warranty period ended mean that it was durable.

The CRA says goods must be of satisfactory quality. I've explained above this includes their durability. Here I consider that the car was just six years old and had done less than 35,000 miles when it failed. Whilst I may accept that the battery is not faulty, the issue here with the interlock switch has rendered the car unusable. I've seen no evidence to show this fault relates to wear and tear.

I wouldn't expect such a serious and catastrophic fault on a car of this age and mileage. I also think in these circumstances that it's unreasonable to expect Mr L to pay more than £1,400 to discover the potential issue, with no expectation of the full cost of any repair. The manufacturer states that further diagnostics would determine a fix for this fault. I'm not persuaded. I've considered carefully their testimony but I can't see with any certainty that asking Mr L to pay almost £1,000 for more checks would find a solution.

So I think in this case it's fair and reasonable that Mr L be able to reject the car.

Mr L said he was mis-sold the car as he was misled about the life of the battery, and the warranties that came with it. I disagree.

I've seen the warranty terms – and there is more than one warranty – so I can see why he may have been confused. I've seen the warranty booklet and I think it's clear that the Electric Vehicle (EV) System Warranty *“covers all EV parts and components”... “which prove defective in materials or workmanship, and is “for 5 years from the warranty start date or 60,000 miles (or 100,000 km), whichever comes first.”*

The battery state of health warranty runs for eight years and covered battery depreciation. As I've said above, the battery in Mr L's car had not lost capacity, as it was still showing 12 bars.

It's clear that each warranty covers different elements. Whilst I understand why Mr L may have been confused by the various terms, I'm not upholding this part of his complaint.

And I'm not upholding his complaint about not being provided with a courtesy car. In this case, it appears that a courtesy car would be provided if the repair was covered by the warranty. And, as I've explained above, the warranty had expired. So I'm satisfied it was reasonable in this instance for RCI not to offer Mr L a courtesy car.

Putting things right

Payment Refund

The car has been off the road and undrivable since 25 February 2025. During this period, Mr L wasn't supplied with a courtesy car. As such, he was paying for goods he 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, and as RCI failed to keep Mr L mobile, I'm satisfied they should refund the payments he made since then.

Diagnostic Costs

I don't think it's fair that in this case Mr L pays for diagnostic tests that failed to find the cause or identify a solution. So I think it's only fair that RCI pay these costs. I note that the manufacturer has offered to pay these costs. That is a matter for RCI to pursue, as this complaint, and our service, can only make findings against RCI as they are the regulated entity in this matter.

Other costs

The car RCI supplied was unusable, and in Mr L's individual circumstances, he felt he needed to purchase another car to keep him mobile. During this time he continued to insure the car that is the subject of this complaint. In these circumstances, I think it reasonable that RCI should pay the additional costs of insuring and taxing the second car.

Mr L said the garage is charging him £25 per day storage costs. I think it reasonable that RCI pay these costs as these relate to them supplying him with a car that was not of satisfactory quality.

D&I

It's clear that Mr L has been inconvenienced by not being able to use the car. He's also described the emotional and financial impact this situation has had on him. I think RCI should pay him £300 in compensation to reflect the distress and inconvenience caused.

Therefore, RCI should:

- end the agreement with nothing more to pay;
- collect the car at no cost to Mr L;
- remove any adverse entries relating to this agreement from Mr L's credit file;
- refund the deposit Mr L paid (if any part of this deposit is made up of funds paid through a dealer contribution, RCI is entitled to retain that proportion of the deposit);
- refund the payments made by Mr L from 1 March 2025;

- refund the costs of tax and insurance paid on the second car purchased by Mr L on production of receipts or statements;
- apply 8% simple yearly interest on all refunds set out above, calculated from the date Mr L made the payment to the date of the refund[†]; and
- pay Mr L an additional £300 to compensate him for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]If RCI considers that tax should be deducted from the interest element of my award, they should provide Mr L with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

My final decision

For the reasons explained, I uphold Mr L's complaint about RCI Financial Services Limited trading as Nissan Financial Services and they are to follow my directions above.

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

Gordon Ramsay
Ombudsman