

## **The complaint**

Mrs B complains that a car acquired under a Personal Contract Purchase (PCP) agreement with Volkswagen Financial Services (UK) Limited trading as Audi Financial Services ("Audi Finance") was misrepresented to her.

## **What happened**

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In April 2023, Mrs B entered into an agreement to acquire a used car from a manufacturer-approved dealership (N). She paid a large deposit for the car, with the balance being provided under a PCP agreement with Audi Finance. The car was three years old and had covered approximately 26,900 miles when Mrs B acquired it. The agreement was for two years and required a final payment at the end if Mrs B wanted to keep the car. The cash price of the car was £44,050.

In March 2024 Mrs B needed to replace the brake discs and pads as the car was juddering at times. She had these parts replaced at a manufacturer-approved garage. Unfortunately, the replacement parts didn't fix the problem, so she had to return to the garage. She was told at this time that the replacement brake discs and pads weren't covered by the manufacturer's parts warranty as the car had had its engine remapped. The garage told Mrs B that a remapped car from this manufacturer couldn't be classed as manufacturer-approved, and couldn't be covered by the manufacturer's parts warranty, as the engine remapping was excluded. She was told this would apply to any parts she needed to repair or replace at a later date too. She had to pay again to have the brake discs and pads fixed.

Mrs B complained to Audi Finance. She said the car had been misrepresented to her at the point of supply by N as it had been advertised as a manufacturer-approved car. She said she was aware the engine had been remapped, but she hadn't been informed by N that this would invalidate any future parts warranty for repairs needed to the car. Mrs B wanted to reject the car, as she said she would never have entered into the agreement if the correct information had been disclosed to her at the time. Audi Finance didn't uphold Mrs B's complaint. They said Mrs B had been made aware the car had been remapped at the point of supply. They also said that, as the brake discs and pads are wear and tear items, they wouldn't have been covered under warranty in any case.

Mrs B brought her complaint to our service. Our investigator didn't uphold it. She said she wasn't satisfied N had misrepresented the car to Mrs B at the point of supply as they had made her aware the car had been remapped.

Mrs B didn't accept this. She said she was aware the car had been remapped – that wasn't her complaint – but she wasn't made aware the remapping made the car excluded from the parts warranty, or that it couldn't be classified as a manufacturer-approved car.

As Mrs B didn't agree, the complaint was passed to me to decide. I issued a provisional decision on 10 June 2025. It said:

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

*When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.*

*The fact the car was supplied to Mrs B under a PCP agreement means that the credit provider, Audi Finance in this case, has responsibility for things that were said or done by N prior to Mrs B's entry into the agreement.*

*As the PCP agreement entered by Mrs B is a regulated consumer credit agreement this service is able to consider complaints relating to it.*

*Mrs B has said that the car has been misrepresented to her. In order for me to decide that I need to answer two questions:*

- Has a false statement of fact been made? And*
- Has this false statement induced Mrs B to acquire the car?*

*It's only if I can answer 'yes' to both of these questions that I can decide the car was misrepresented at the point of supply. And in Mrs B's case, I'm satisfied the car was misrepresented to her when it was supplied to her. I'll explain why.*

### ***False statement of fact***

*N advertised the car as having its engine modified, or remapped. It also explained that 'All our cars are <manufacturer> Approved.' However, Mrs B has since been told by a manufacturer-approved dealership that cars from this manufacturer that have their engine remapped can't be sold or advertised as 'manufacturer approved.' My own research has confirmed this too.*

*Because of this, I'm satisfied N made a false statement of fact when selling the car to Mrs B as the car wasn't manufacturer approved. They were acting as agents of Audi Finance at the time.*

### ***Inducement***

*Mrs B has explained why she bought this car, and I'm satisfied the fact it was advertised as a manufacturer approved model was significant in her decision-making. She has said that she's owned cars from this manufacturer before – she's also explained that the warranty for parts was an important consideration, as it was an expensive car, and she knows the parts can be expensive too. She wanted the peace of mind a manufacturer approved car would bring, including any future parts warranty.*

*Audi Finance have said that Mrs B knew the car had been remapped, so there hasn't been a misrepresentation. And our investigator has said that Mrs B could have conducted her own research into what acquiring a remapped car would mean for her. I don't agree with this. I think it was reasonable for Mrs B to rely on the information provided to her from N when acquiring the car. They're a manufacturer approved dealership, and it's reasonable for Mrs B to accept they were providing her with accurate information. She shouldn't be expected to conduct her own research.*

*Further, even if I thought the false statement of fact made by N hadn't induced Mrs B into acquiring the car, I'd be of the conclusion that there has been a breach of contract here. The*

*car wasn't as described to Mrs B when it was supplied to her, which results in a breach of contract.*

*However, as I'm satisfied the car was misrepresented to Mrs B at the point of supply, the usual remedy is to put her back into the position she would have been in had the misrepresentation not occurred. In this case, I'm satisfied Mrs B wouldn't have gone ahead with the agreement had she been aware the car wasn't manufacturer approved - the information from N that the car was manufacturer approved, and therefore eligible for any future parts warranty was a key consideration in her going ahead with the supply of the car and the agreement – so Audi Finance should take the car back. However, there are other considerations to be made here, as Mrs B has had full use of the car for the duration of the agreement.*

*At present, I'm planning to say that Audi Finance should collect the car from Mrs B at no cost to her. It should also refund her deposit payment, as well as the total amount of the final payment she made to them when the agreement came to an end.*

*Mrs B has also had to pay for further repairs to be made to the brake discs and pads, when she discovered the parts warranty didn't cover this work. Audi Finance should reimburse her for that work, subject to Mrs B providing them with an invoice for it.*

*Having checked the MOT status of the car in April 2025, just prior to the agreement coming to an end, I'm aware the car had travelled approximately 46,000 miles. Mrs B had covered approximately 20,000 miles in it during the term of the agreement. And I think it's fair that she pays for that usage, so I'm planning to decide that Audi Finance can keep all the monthly payments made by Mrs B during the agreement's term.*

*Mrs B has mentioned that she thinks she will struggle to sell the car now, and there will be a loss of value in it because of the exclusion of the parts warranty. This complaint is only deciding on the misrepresentation at the point the car was supplied, so I won't be making any comment on what may happen in the future. That will be for Mrs B and Audi Finance to discuss if and when that situation occurs, and Mrs B may be able to bring a new complaint to our service at that time.*

*Finally, Mrs B has expressed her shock and disappointment at finding out the car she'd been supplied with had been misrepresented to her. I can understand her disappointment as she really liked the car. I'm planning to ask Audi Finance to pay Mrs B £150 to reflect the distress caused to her of having a car that had been misrepresented.'*

Mrs B responded and accepted the findings of my provisional decision. Audi Finance also responded to accept the findings in the provisional 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 see no reason to depart from the findings of the provisional decision. Both parties have accepted it in full and haven't provided any additional information.

I've issued this now just to allow Mrs B the protection of a legally binding decision.

## **My final decision**

For the reasons above, I uphold this complaint. Volkswagen Financial Services (UK) Limited trading as Audi Finance must:

- Collect the car at no cost to Mrs B.
- Refund her total deposit.\*
- Refund the final payment made at the end of the agreement to keep the car.\*
- Reimburse her for the additional work needed to repair the brake discs and pads on the car, following the initial failed repair – subject to Mrs B providing an invoice for the supplementary repair work.\*
- Pay Mrs B £150 to reflect the distress caused to her by having the car misrepresented to her at the point of supply.

\*If Volkswagen Financial Services (UK) Limited trading as Audi Finance consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mrs B how much they've taken off. They should also give Mrs B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 23 July 2025.

Kevin Parmenter  
**Ombudsman**