

The complaint

Mrs B is unhappy that a car supplied to her under a hire purchase agreement with RCI Financial Services Limited trading as Mobilize Finance was of an unsatisfactory quality.

What happened

In January 2022, Mrs B was supplied with a brand-new hybrid car through a hire purchase agreement with RCI. She paid an advance payment of £7,547.66 and the agreement was for £25,383.34 over 49 months; with 47 monthly payments of £312.09 and a final payment of £14,316.73.

The car broke down on 17 September 2023, but it wasn't until 10 October 2023 that the dealership was able to inspect the car. The repairs to the car were completed in November 2023 and Mrs B was provided with a courtesy car while these repairs were completed.

The car broke down again in October 2024. The dealership replaced the fuel pump, but this didn't repair the car. So, they determined that a new traction battery was required. There was a delay in the parts being available and the car wasn't repaired until 15 April 2025. While the car was awaiting repair, Mrs B was provided with a courtesy car.

However, Mrs B had complained to RCI about the quality of the car on 14 March 2025, before any completion date for the repairs was known, asking to be able to reject the car. RCI responded to the complaint on 15 May 2025, saying that the car had been repaired at no cost to Mrs B, and that she had been kept mobile while repairs were taking place. As such, they didn't agree she should now be allowed to reject the car.

Unhappy with RCI's response, Mrs B brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said that the car supplied to Mrs B wasn't of a satisfactory quality – it wasn't reasonable to expect the issues Mrs B has had with a car that has done less than 21,000 miles. The investigator said that the second set of repairs had been unreasonably delayed and that, as Mrs B had asked to reject the car before any likely repair date was known, RCI should've allowed this.

So, the investigator said that RCI should now take back the car and unwind the agreement, refunding the deposit Mrs B paid along with 5% of the payments she made while she was being provided with a petrol courtesy car, which was more expensive to run than the hybrid car she'd financed. Finally, the investigator said that RCI should compensate Mrs B £250 for the distress and inconvenience she'd been caused.

RCI didn't agree with the investigator's opinion. They thought the car was of a satisfactory quality when it had been supplied, and that all faults had now been successfully repaired. They didn't think it was fair to say the repairs had taken an unreasonable amount of time, as the delay in parts was outside of their control, and they thought that refunding the deposit was disproportionate as Mrs B had had use of the car for four years and 21,000 miles.

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

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. Mrs B was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, RCI are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless RCI can show otherwise. So, if I thought the car was faulty when Mrs B 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.

Mrs B was supplied with a brand new car, and it's reasonable for her to expect that the car will be able to be driven for a substantial period of time, and for a reasonable number of miles, without any serious issues.

The dealership's job sheets show that Mrs B had problems with the car in September 2023, when the car had done 15,229 miles. This resulted in repairs to the power electronics, which I understand also included a replacement of the traction battery.

Section 24(5) of the CRA allows for a single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for RCI – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault. The CRA is also clear that, if the single chance at repair fails, then Mrs B has the right of rejection.

The evidence shows that it took the dealership until 17 November 2023 to repair the car and return it to Mrs B. And I'm satisfied this was the single chance of repair. The car failed again in October 2024, when it had done 20,789 miles, and was returned to the dealership. At this point Mrs B didn't exercise her right of rejection and instead accepted a second repair. She was within her rights to do this, but it doesn't mean she therefore waived her right to reject.

The dealership attempted to repair the car in November 2024 by replacing the fuel pump, but this didn't work. They then identified that a new traction battery was required, and this was ordered from the manufacturer.

Mrs B was supplied with a brand new car that had had two major failures within the first 21,000 miles, both of which related to the power and resulted in the car being undrivable. I don't think this is something any reasonable person would expect to happen. As I've said above, when considering whether the car supplied to Mrs B was of a satisfactory quality, I need to consider whether it was sufficiently durable. And I consider two major power failures within the first 21,000 miles shows the car wasn't sufficiently durable. As such, and while I appreciate that RCI won't agree with this, I'm satisfied the car they supplied to Mrs B wasn't of a satisfactory quality.

In an email dated 14 March 2025, Mrs B said to RCI *"I am writing to formally request the termination of my PCP agreement ... the vehicle is demonstrably not of a satisfactory quality, nor fit for purpose. Furthermore, [the] ongoing inability to repair the vehicle within a reasonable timeframe constitutes a fundamental breach of contract."*

I'm satisfied that, in this email, Mrs B has clearly stated her position and that she wants to reject the car. Section 23(2)(a) of the CRA states *"If the consumer requires the trader to repair or replace the goods, the trader must do so within a reasonable time and without significant inconvenience to the consumer."* At the point of making this request, Mrs B had been without use of the car for five months, and there was no date when any repair was likely to be carried out.

I appreciate that RCI say that five months without use of the car, and where there is no indication for how long this situation will continue, does not constitute an unreasonable time, but I disagree with this. While it is the case that the dealership were waiting for a new traction battery from the manufacturer, this does not mean that a delay of almost half a year, with no indication of how long it will continue for, is therefore acceptable. And I don't think any reasonable person would think this is the case.

The CRA doesn't define what is a reasonable timeframe, but it also doesn't say that awaiting parts means that any length of delay is therefore ok. Regardless of the reasons, I'm satisfied this delay was unreasonable, and Mrs B had clearly requested rejection. As such, under section 23(2)(a) of the CRA, RCI should've allowed this. And they should've advised the dealership not to continue with any repairs to the car. And the fact they didn't do this, and the repair was completed, doesn't change the rejection.

As such, RCI should honour Mrs B's request to reject the car.

Putting things right

RCI have raised the issue of fair usage, and they therefore don't feel it's fair they should refund the deposit Mrs B paid. Mrs B has been able to use the car while it was in her possession. And, while it was being repaired, she was also provided with a courtesy car to keep her mobile. Because of this, I think it's only fair that she pays for this usage. And I think that allowing RCI to retain the payments she's made accounts for this fair usage. So, the deposit should be refunded.

However, Mrs B financed a hybrid car and was given a petrol car as a courtesy car. This means she was provided with a courtesy car that was more expensive to run. While this would've been ok for a few days, the additional cost over a longer term would've had an impact on Mrs B. So, I also think it's fair that RCI refund some of the payments Mrs B made

to account for this. And I think 5% of the payments made while Mrs B was in possession of the courtesy car fairly reflects this.

Finally, I think Mrs B should be compensated for the distress and inconvenience she's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended RCI pay Mrs B an additional £250 to recognise the distress and inconvenience they've been caused by the complaint. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Mrs B would've felt by having the car fail a second time, and for the frustration caused by the delays and by RCI not dealing with her request to reject the car, despite the CRA giving her the right to reject. So, this is a payment I'm directing RCI to make.

Therefore, RCI should:

- end the agreement, ensuring Mrs B is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Mrs B;
- remove any adverse entries relating to this agreement from Mrs B's credit file;
- refund the deposit Mrs B 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 5% of the payments Mrs B paid between October 2024 and April 2025, the period she was in the petrol courtesy car;
- apply 8% simple yearly interest on the refunds, calculated from the date Mrs B made the payment to the date of the refund[†]; and
- pay Mrs B an additional £250 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (RCI must pay this compensation within 28 days of the date on which we tell them Mrs B accepts my final decision. If they pay later than this date, RCI must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires RCI to take off tax from this interest, RCI must give Mrs B a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Mrs B's complaint about RCI Financial Services Limited trading as Mobilize Finance. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 3 December 2025.

Andrew Burford
Ombudsman