DRN-5799076

The complaint

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

When I refer to what Mr O has said and what RCI has said, it should also be taken to include things said on their behalf.

What happened

In January 2024, Mr O was supplied with a used car through a hire purchase agreement with RCI. The cash price of the car was £6,150 and the agreement was for the full amount, payable over 53 months. The monthly payment was set at £150.65, with a final payment of £150.89. At the time of supply, the car had done 72,503 miles and was around seven years old.

To begin with, Mr O went to collect a different car. He'd paid a deposit of £1,000 but the dealership told him the car was faulty. It sourced another car for Mr O which is the subject of this hire purchase agreement.

Mr O said the engine light came on as soon as he drove away from the dealership on collection. He said he returned the car for a repair and the dealership provided a loan car. Once the car had been repaired, Mr O collected it but he said the engine light came straight back on. He said the car also displayed other faults, such as varying speeds, jerky movements and loud engine noises. Mr O returned the car to the dealership for repair, but this time it didn't have a loan car available.

After struggling with family and work commitments without access to the car, Mr O said he wanted to end the agreement. The dealership offered to buy back the car at the same price Mr O paid and, after some discussion, it offered an additional £500 compensation. Mr O said the offer was reasonable, but he wanted a refund of his deposit too. He didn't hear anything further, so he complained to RCI.

RCI liaised with the dealership. In its final response to his complaint, dated 8 November 2024, RCI told Mr O the dealership's offer was fair. It also said it would refund one month's payment as a gesture of goodwill. But Mr O didn't think that was enough for the inconvenience caused. He said he'd continued to make the monthly payment even though the car had been with the dealership since May 2024. And he said he'd incurred significant travel costs to meet work and family commitments. So Mr O brought the complaint to us.

Our investigator said that when the dealership allowed Mr O to reject the car, in effect it had agreed that it wasn't of satisfactory quality. Therefore, he thought RCI ought to return the deposit, and all monthly payments made since May 2024 when the car was back at the dealership, along with interest. He said the agreement should be cancelled with no further charge to Mr O, and RCI should pay £200 compensation.

Generally, Mr O thought the outcome was fair, but he wanted the investigator to revisit the amount of compensation. He said it didn't come close to acknowledging the distress and inconvenience. Mr O said he wanted £3,500.

To begin with, RCI accepted the investigator's view. However, after further communication with the dealership, it said Mr O had been in possession of the car for longer than he'd said and the car had done 8,000 miles since supply. RCI also said the dealership hadn't had an opportunity to repair, so its offer to accept Mr O's rejection of the car was to bring the matter to a close. RCI said Mr O hadn't been entitled to reject the car and asked for further consideration by an ombudsman.

I issued a provisional decision in August 2025, where I explained my intention to uphold the complaint. In that decision I said:

provisional decision

> The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr O 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.
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> So, if I thought the car was faulty when Mr O 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.
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> Firstly, I'll explain the approach I've taken. Both parties are aware of the circumstances so I'm not going to repeat everything in the evidence, or things that our investigator has already summarised, and our rules don't require me to. Instead I'll comment on what I think are the key points.
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> I can only consider events brought to RCI's attention up to the date of its final response – 8 November 2024. So, I've looked at RCI's response to Mr O's complaint to determine whether it was fair and reasonable in the overall circumstances.
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> RCI said it thought the dealership had made a fair offer to Mr O to settle his complaint about the car. The dealership had offered to buy back the car at the same price Mr O had paid, settle the finance, refund the remaining balance, and not charge for usage. In recognition of the inconvenience, RCI offered to pay Mr O £150.65, which was equivalent to one month's payment.
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> Up to the date of the final response, it was not disputed there was a problem with the car. However, in its recent submission, RCI said the dealership had a right to repair.
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> <u>Single Chance at Repair</u>
> Section 24(5) of the CRA provides for a single chance at repair. Mr O described returning his car for a repair, during which time he had use of a courtesy car. When the car was returned for a further repair, and he didn't have use of a courtesy car, he asked to reject the car. Mr O said this was in May 2024 and he hasn't had use of the car since then.
>
> RCI said there was a minor issue with the washer pump in the first few days, which was repaired, and Mr O took the car back for a turbo repair in May 2024. RCI said the dealership completed a successful repair. The dealership told RCI that the car was returned to Mr O and he took it back for a further repair in July or August. By this time, the

car had done around 8,000 miles since supply, and Mr O refused to collect it after the repair.

This information differed to Mr O's and RCI's original evidence, so I asked RCI for evidence of the repairs and mileage. RCI said the dealership didn't supply it with the information requested. In the absence of further information to support this position, I've relied on the evidence before me.

What I've seen is that Mr O returned his car for repair on at least two occasions and, in September 2024, RCI and the dealership discussed the significant cost of repair. The dealership confirmed it didn't have a courtesy car, and it was trying to find a replacement car for Mr O rather than repairing his. This is documented in emails between the dealership and RCI. As the dealership confirmed that Mr O had taken the car back after a previous successful repair, I'm satisfied that it had already been given the single chance at repair.

<u>Rejection</u>
RCI said the dealership hadn't agreed to a rejection under the CRA. Rather, it had simply agreed to buy back the car to bring matters to an end.

I've seen the dealership's email to Mr O in which it made the "buy back" offer. Whether or not it was made in response to a request from Mr O to reject the car, I see it was referred to by both the dealership and RCI as a rejection under the CRA. As there had already been a single chance at repair, and it was agreed that the car was faulty, Mr O was entitled to reject the car.

<u>Offer</u>
RCI said the dealership made a fair offer and, indeed, Mr O also stated that it was a fair offer, with the exception of the deposit. I'll come back to the deposit.

The buyback option described meant the agreement would've been settled, and Mr O would've received a refund of the payments he'd made. RCI also offered £150.65 which was the equivalent one monthly payment. This would've put Mr O in a position where he would've had use of the car up to the point it went in for repair at no cost to him. This is broadly in line with the CRA, although it's not clear whether the credit agreement interest would've been refunded.

<u>Deposit</u>
Returning to the matter of the deposit, Mr O said he paid a deposit of £1,000 for a different car. The sale didn't go ahead, and he bought the alternative car sourced by the dealership which is the subject of his complaint.

However, the finance agreement with RCI does not reflect payment of a deposit. I've seen the receipt Mr O provided which shows a payment of £1,000 to the dealership. The receipt shows that payment was made on 27 January 2024, for a car with a different make, model and registration, and has no reference to being a deposit. The date of payment was five days after Mr O took out the hire purchase agreement, and even more than that since agreeing to the previous car. The receipt states payment was made but it does not confirm funds were received.

While it's possible the deposit was used towards the car payment, I can't reasonably require RCI to refund £1,000 without evidence that it was a deposit for the car in question, or that it was factored into the finance agreement in some way. That's not to say RCI shouldn't refund the deposit, but I think it's reasonable that a refund will only be given on receipt of evidence.

Compensation
Our investigator recommended £200 compensation. Mr O asked for £3,500 compensation in recognition of the distress and inconvenience caused. This is the key point of his complaint.

I've thought carefully about the reasons Mr O gave for seeking this amount, which are mainly in respect of travel costs, inconvenience, his rights under the CRA, and fair treatment.
Once the agreement ends, Mr O's payments will be returned to him. If I also require RCI to pay his travel costs, that would mean he is being compensated twice for the same thing. I consider that unfair.

I've also thought about the circumstances leading up to RCI's final response and the offers made to resolve matters. Had Mr O accepted what he'd said was a fair offer at that point, he could've avoided the inconvenience he experienced of being without a car, and the inconvenience and costs he incurred using public transport and taxis. I realise he remained unhappy about the deposit refund, but I think he could've pursued that separately. Mr O had a responsibility to mitigate his loss and I'm not persuaded that he did.

In taking back the car, and ending the finance agreement, RCI would've placed Mr O in the position of being able to source another car or, indeed, accept the dealership's offer of a replacement. Given that options were made available to Mr O, none of which prevented him from pursuing his complaint, I think £200 is fair compensation for RCI's part in the inconvenience caused.

Other Decisions
I've noted what Mr O has said about other decisions this service has made. We consider each complaint on its own merits and its own individual circumstances. So, my decision isn't impacted by any decision made on a different complaint, no matter how similar Mr O feels the situation is.

I've considered the further comments Mr O made about the prolonged period during which he's been without a car, and the ongoing distress and inconvenience. I've also noted his comments about RCI not treating him fairly. As I explained, I can only consider matters up to RCI's final response, and I think it reached a fair conclusion at the time that the dealership had made a fair offer to resolve matters. While the offer isn't set out as expected under the CRA, it broadly reflects the requirements. Nevertheless, for clarity, I'm intending to require RCI to take the action provided for under the CRA.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Responses

- Mr O didn't respond.
- RCI accepted my 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.

Mr O's outstanding concerns were only about the amount of compensation, which I addressed in my provisional decision. As Mr O hasn't said anything to the contrary, I'm taking his lack of response to mean he doesn't object to my provisional decision.

Given this, I see no compelling reason why I shouldn't now adopt my provisional view as my final decision.

My final decision

For the reasons explained, I uphold Mr O's complaint and RCI Financial Services Limited, trading as Mobilize Financial Services, must:

- end the agreement with nothing more for Mr O to pay;
- if the car has been returned to Mr O, collect it at no cost to him;
- refund Mr O's monthly payments from when the car was returned for repairs in May 2024 until the agreement is ended;
- pay an additional £200 compensation for the distress and inconvenience caused;
- on receipt of evidence that a deposit was paid towards the car which is the subject of this complaint, issue a refund, and
- pay 8% per annum simple interest[†] on the refunds to Mr O from the date he paid to the date of the refund. This interest is not payable on the compensation payment.

[†]If RCI Financial Services Limited trading as Mobilize Financial Services considers that tax should be deducted from the interest element of my award, it should provide Mr O with a certificate showing how much it has taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 October 2025.

Debra Vaughan
Ombudsman