

The complaint

Mr R complains that the car he acquired through Volkswagen Financial Services (UK) Limited, trading as Audi Financial Services (“AFS”) wasn’t of satisfactory quality. He wants it to accept rejection of the car and then cancel the credit agreement.

What happened

Mr R entered into a hire purchase agreement in October 2024 to acquire a used car. The cash price of the car was £27,095.66, and after taking account of the advance payment of £5,000, the credit provided totalled £22,095.66 and was to be repaid through the credit agreement which was set up over a 48-month term with monthly payments of £318.00. At the time of acquisition, the car had already been driven more than 10,000 miles and was around two years old.

Mr R told us:

- He wants to reject the car because it’s exhibited multiple faults undermining its reliability and causing significant inconvenience;
- within two days of delivery, the dashboard displayed a brake fluid warning, and then a few days later the car wouldn’t start, and he needed a third-party roadside recovery firm to jump start it;
- he told the supplying dealership that he wished to reject the car, and says that he exercised his short-term right to reject on 1 November;
- the supplying dealership did not accept his right to reject the car, so he collected it on 19 November;
- on 4 November he also notified AFS that he wished to reject the car under the Consumer Rights Act 2015, but it failed to respond to him adequately;
- whilst the car was at the supplying dealership, the windscreen was damaged and then repaired, and this repair was not communicated to him or authorised by him;
- he’s spent money on taxis, car insurance and road tax, and paid £5,000 as a deposit when he acquired the car, and he wants AFS to process his rejection and reimburse him these costs. And he says AFS should pay him compensation for the inconvenience and stress caused by these ongoing issues.

The supplying dealership told Mr R that he needed to notify AFS of his desire to reject the car as his contractual relationship was with it, not them. It said it had tested the battery but found no fault with it. And although Mr R had raised an intermittent fault with a warning light, this had no effect on the car’s performance or safety. It said it had replaced a sensor, tested the car again, and no faults appeared, and no dashboard lights illuminated.

It said that because there was no defect with the car, there was no basis for rejection of it. It explained that the car *“functions fully in line with the manufacturers standards, with no remaining faults or error messages”* and it said the car was ready for collection.

Mr R contacted the supplying dealership and gave his *“conditional willingness to accept the vehicle”*. And he provided some conditions under which he’d collect the car but preserve his consumer rights.

AFS rejected this complaint about the satisfactory quality of the car it had supplied, but it did offer Mr R some compensation in recognition of the loss of enjoyment and inconvenience he'd experienced with the car.

AFS said the supplying dealership had *"checked the starting operation of the engine, but engine started ok. They then ran Guided Fault Finding (GFF), but found no faults stored in the system. They then carried out a battery test, but the battery health came back as ok. Test plan of alternator carried out but again no faults found. Lastly checked the state of charge of the battery but this was showing as 72% and therefore no faults found"*.

It said that a road test resulted in a brake warning light illuminating on the dashboard, and the supplying dealership found a fault code stored for *"auto hold button"*. It said they *"ran test plan, removed auto hold button, checked wiring and connections, no signs of defects"*. It said the test plan suggested replacing the button, so a replacement was fitted under warranty. The car was then road tested and there were no further warnings illuminated on the dashboard.

AFS said it recognised the inconvenience Mr R had experienced and it offered him £400 – the equivalent of just over one monthly payment – as a gesture of goodwill.

AFS noted that Mr R had contacted The Motor Ombudsman ("TMO") about the poor service he'd received from the supplying dealership together with his allegation that it had damaged his car windscreen. And it recommended he continue to liaise with TMO about these things.

AFS told this Service that the rejection of the car was not accepted because although the sensor was replaced, the car was running as it should be. And it noted that the supplying dealership had said that where a work is completed under warranty, it did not need the customer to authorise the work; there was simply no cost to Mr R for replacing a sensor.

Our Investigator looked at this complaint but said he didn't think it should be upheld, and he explained the relevance of the Consumer Rights Act 2015 ("CRA") in the circumstances of this complaint. He explained that two grounds upon which Mr R had exercised his short-term right to reject were not sufficient; there was simply no evidence at this time to show that the car supplied by AFS was not of satisfactory quality. He explained that Mr R's complaint about a fault with the battery had not been successful – the testing of it found no faults. And he said that the illuminated warning light was not a fault itself, just an indication that further investigations should be undertaken.

Our Investigator explained that the CRA does not permit *conditional rejection* of a car, and in collecting it and driving it thousands more miles, it would not now be fair to ask AFS to accept rejection of it. But he reassured Mr R that his rights under the CRA remained intact, and that in the event of failed repairs in the future, or the development of new faults that make the car of unsatisfactory quality at the point of supply, Mr R would be entitled to bring a new complaint that could result in rejection of the car.

Our Investigator said that he thought the £400 compensation offered by AFS was fair and reasonable. He explained this Service's approach to calculating redress and said that Mr R had been without his car for 17 days; his monthly payments under the credit agreement were £318, so £200 would recognise the fact he'd been without the car and not been kept mobile. So AFS' offer of £400 was appropriate in the circumstances.

Finally, he explained that Mr R's complaint about the dealership; the service he'd received and the allegation of damage to the windscreen wasn't a complaint that this Service could

consider, and he explained why. He noted that Mr R had already raised these matters with TMO, and he suggested that Mr R may be able to pursue this directly with them.

Mr R disagrees, and he asked for an Ombudsman to undertake a final and impartial review of the case, so the complaint comes to me to decide. Mr R disputes his rejection of the car was conditional and says that a warning light related to the brakes is not a “*simple warning light*” and cannot be dismissed. Mr R says that battery failure and needing recovery by a third party, before having to drive 45 mins to recharge the battery is not something that should happen or be expected. And he says the compensation offered by AFS is woefully narrow and does not reflect the real impact of this ordeal.

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 conclusion to that of our investigator, and I don’t think this complaint should be upheld. I’ll explain why.

I hope that Mr R won’t take it as a discourtesy that I’ve condensed his complaint in the way that I have. Ours is an *informal* dispute resolution service, and I’ve concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mr R should note, however, that although I may not address each individual point that he’s raised, I have given careful consideration to all of his submissions before arriving at my decision.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Mr R is a regulated consumer credit agreement this Service is able to consider complaints relating to it. AFS is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 (“CRA”) there is an implied term that when goods are supplied “the quality of the goods is satisfactory”. The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods. So, what I need to consider in this case is whether the car supplied to Mr R was of satisfactory quality or not.

The CRA says a short-term right to reject exists if the car supplied is not of satisfactory quality; is unfit for purpose; or is not as described, and the customer – in this case Mr R – exercises their right to reject it within the first 30 days.

I’ve considered very carefully Mr R’s claims about the car when he says he exercised his short-term right to reject the car. Although he exercised his right with both the supplying dealership and AFS within 30 days, I’m not persuaded that the car supplied by VFS was not of satisfactory quality *or* was unfit for purpose *or* was not as described.

I've seen copies of the communications Mr R sent to both the supplying dealership and AFS. In exercising his right, Mr R complained about two things; the battery and an illuminated brake fluid warning light, but I don't think either of these things separately or collectively mean the car was not of satisfactory quality or wasn't fit for purpose or wasn't as described.

Mr R says the battery failed, the car wouldn't start, and he needed the services of a third-party recovery firm. But there could be any number of reasons for a battery to go flat, and critically, the supplying dealership found nothing wrong with the battery when it was examined; it passed testing, and did not need replacing, and I've seen no evidence of further significant issues since then that call into question the quality or performance of the battery.

Next, I've considered the illuminated brake fluid warning light that Mr R reported. But as our Investigator explained, the illumination of a dashboard warning light is not itself a fault – it indicates that something *may* be wrong, and it signposts the owner to the fact that further investigations need to be carried out to determine *whether* there's a problem and, if there is, what the cause may be.

I understand from AFS that the supplying dealership investigated the warning light which suggested an issue with the *auto hold button*, but they confirmed there were no mechanical issues with the button. They then removed the button and examined the wiring and connections and found no signs of a fault or defect. The supplying dealership then decided to replace the button under warranty – at no cost to Mr R – before testing it again and clearing any residual fault code.

In the absence of any faults I'm satisfied that the car was not of unsatisfactory quality at the point of supply, and because I've seen no evidence that the car is unfit for purpose, or that it is not as was described, I'm satisfied that Mr R has no short-term right to reject it.

Now, it may well be the case that Mr R does not have full confidence in the car, or he fears that faults may manifest themselves in the future – he has compared the car unfavourably to the one he owned previously. In this situation, it would be for Mr R to instruct a recognised independent engineer to inspect the car.

In the event an independent engineer identified faults that were likely present or developing at the point of supply, then Mr R could bring a new complaint directly to AFS. In these circumstances, most businesses would exercise their one opportunity to undertake repairs. But if these repairs were to prove unsuccessful, or further faults were to emerge, then rejection of the car is likely, along with a refund of the cost of that independent inspection.

I've noted that Mr R says he had no access to a courtesy car for a number of days – he wasn't kept mobile – and I can only begin to imagine how difficult and challenging that must have been. In these circumstances, this Service might ask AFS to refund monthly payments in proportion to the time he had no car.

Mr R's monthly payments under his credit agreement are £318 – so a payment of just under £200 would be commensurate with the number of days that he had no car. I'm therefore satisfied that AFS' offer of a goodwill payment of £400 is fair and reasonable in the circumstances of this complaint. It recognises the time he was without a car and provides additional compensation for his distress and inconvenience. Mr R should now contact AFS if he wishes to accept that offer.

I've noted Mr R's claim that he should receive a greater level of compensation – he says he cancelled his car insurance and when he came to reinstate it, it was more expensive. Under the terms of his credit agreement he was responsible for ensuring the car was insured and remained insured even though it was owned by AFS for the duration of the hire purchase

agreement. So although I understand this will have been frustrating for Mr R, I have to tell him that I can't hold AFS responsible for what happened with the price of the car insurance.

Finally, Mr R's complaint about the service he received from the supplying dealership and the allegation that it damaged his windscreen is not something that this Service can look into. Mr R will need to raise any complaint about this directly with the supplying dealership, or any trade body to which it belongs.

Taking into account all the evidence, I can't uphold this complaint. I know Mr R will be disappointed with this decision, but I hope he understands why I've reached the conclusions that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 October 2025.

Andrew Macnamara
Ombudsman