

The complaint

Mr W complains about the quality of a car he acquired under a hire purchase agreement with Volkswagen Financial Services (UK) Limited trading as Skoda Financial Services (SFS).

When I refer to what Mr W and/or SFS said or did, it should also be taken to include things said or done on their behalf.

What happened

In September 2024, Mr W entered into a hire purchase agreement with SFS to acquire a new car first registered in September 2024. The cash price of the car was around £37,200 and the amount of credit that was provided was approximately £28,218. The total amount payable was about £43,512. There was an advance payment of £8,982, and the agreement consisted of 48 monthly repayments, each in the sum of around £347, followed by a final payment of about £17,888 payable 48 months after the date set for the first repayment plus a £10 to exercise the option to purchase.

Mr W said the car broke down twice within the first 14 days of supply. It would not start, multiple error messages appeared on the dashboard, and the dealership could not diagnose the problem. Mr W said that after the second breakdown, he returned the car to the dealership and raised a request to reject it due to the technical issues. Mr W said that on 19 November 2024 multiple error messages kept appearing relating to driver assist functions, so Mr W decided to take the car to another dealership.

This dealership informed Mr W that the car was not functioning correctly and was unsafe to drive due to a known manufacturing fault. Following thorough diagnosis, Mr W said they confirmed that a specific Technical Product Information (TPI) has been issued for the exact symptoms. Mr W said they explained that there was no permanent fix for this fault at that time, and the provisional solution involved disconnecting a certain fuse for 20 minutes, replacing it, and conducting onboard functionality tests with the hope of clearing the error. Mr W has also mentioned that this TPI related to shut down of the functionality of the side assist, lane assist, front assist, and dynamic road sign assist.

Mr W said that this dealership could not guarantee the length of time until recurrence of the issue, and therefore how long the car would remain fully functional and/or safe. Mr W was unhappy as this meant that he is driving an unsafe, unreliable car, so if the fault reappears, he would need to revisit a dealership for a reset. He said this is unacceptable, so in summary he feels he should be able to reject the car. Mr W said he spent months trying to get a resolution which has been hugely draining and has caused him to be emotionally anxious and stressed. He said he had to take time from work to resolve all the issues and spent money solving the problem and seeking advice.

In March 2025 SFS wrote to Mr W and said that they can see that within one week of supply the car broke down and a recovery agent was called out to attend at the roadside. SFS said they understand the recovery agent had to attend on two occasions within a week. They said that, after speaking to the dealer regarding the drained battery, they were advised that the likely cause of this issue was due to something being left turned on in the car. They also

said that the cause of 30 September 2024 car breakdown was investigated and on 1 October 2024 the battery was charged using a trickle charge battery conditioner. Once fully charged the battery was tested, and the battery's performance came back as above standard.

SFS said that on 10 October 2024 a further battery drain test was carried out and the car showed no signs of a battery drain and again was performing higher than average. They said, this confirmed that something was left turned on to cause the battery drain, and resulted in no faults being recorded after a full charge. In this correspondence SFS said that, as Mr W did not agree with the outcome of the investigation carried out by that dealership, he took the car to another dealership for that car's brand. There the servicing team carried out a thorough review and found a relevant TPI and carried out the required work on the car. SFS said that it is their understanding that since this TPI being carried out Mr W has not been in touch with any other dealership. SFS apologised that Mr W was initially given incorrect information by the first dealership, but, they said that, as Mr W accepted repair of the car and it no longer has a fault, they would not be able to look into his rejection request. However, SFS said they do understand this matter has not been ideal and has caused Mr W distress and inconvenience as well as the loss of enjoyment of his new car. In light of this, they offered £250 to Mr W.

Mr W remained unhappy, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator considered Mr W's complaint. The investigator was of the opinion the car was of unsatisfactory quality, but as a repair has been accepted the investigator was of the opinion that they could not recommend rejection under those circumstances. The investigator was also of the opinion that SFS should pay Mr W a total of £500 for the distress and inconvenience caused.

SFS agreed with the investigator, but Mr W did not. So, the complaint 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr W acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. SFS is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

I know that Mr W is unhappy about certain actions/inactions of the supply dealership/broker and SFS might be responsible for some of these, such as for example what was said or done during the antecedent negotiations before Mr W entered into the finance agreement. However, I can only consider actions/inactions of SFS and only the aspects they are responsible for, so I cannot look at certain actions and/or inactions of the dealership/broker which Mr W might be unhappy about. As such, in this decision I only focused on the aspects I can look into. And I am only looking at the events that have been raised by Mr W with SFS, the ones they had an opportunity to address up to and including the final response correspondence they issued to him in March 2025.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr W 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, appearance and finish, freedom from minor defects, safety, and durability.

In Mr W's case the car was brand new, with a cash price of approximately £37,200. So, I think a reasonable person would expect it to be of a higher quality than a cheaper and/or previously used car. I think it would also be reasonable to expect the car to last a considerable period of time before any problems occurred, and it would be reasonable to expect it to be free from even minor defects shortly after it was acquired.

Mr W thinks that he should be entitled to reject the car.

The CRA sets out that Mr W has a short term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and he would need to ask for the rejection within that time. Mr W would not be able to retrospectively exercise his short term right of rejection at a later date.

The CRA does say that Mr W would be entitled to still return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but he would not have the right to reject the car until he has exercised his right to a repair first – this is called his final right to reject. This would be available to him if that repair had not been successful.

First, I considered if there were faults with the car.

From all the evidence provided by both sides, I can see that the car broke down twice within the first 14 days of supply. It would not start, and, I understand, multiple error messages appeared on the dashboard. These multiple error messages relating to certain driver assist functions persisted, and the second dealership confirmed that the car was not functioning correctly. They said there was a specific TPI for the issues the car was experiencing. These related to shut down of the functionality of the side assist, lane assist, front assist and dynamic road sign assist.

Based on all of the above, I think the car was, most likely, faulty. But just because a car was faulty does not automatically mean that it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Mr W.

I have considered all the circumstances of this case, including the age, price and mileage of the car, combined with when the above issues were noted, and from the available evidence I

think, most likely, the car was not of satisfactory quality when it was supplied to Mr W. I say this because I think a reasonable person would expect it to be of a higher quality than a cheaper and/or previously used car. Also, I think it would be reasonable to expect this type of a car to last a considerable period of time before any problems occurred, and in this specific case this car experienced the above issues very shortly after supply. I think it is fair to say that a reasonable person would not expect anything to be wrong with a driver assist functions so early on.

I know Mr W said that he does not feel safe in the car and I understand that he still thinks that he should be able to reject the car, because, in summary, he said he is only accepting the car after the repair because of absence of an alternative transport, so he is left with no option but to continue to drive it. He also wrote that while he was required to use it temporarily, he still stressed that his intention is to exercise his right under the CRA to reject the car. So I have taken this into consideration, but I do not think it would be fair and reasonable for Mr W to be able to reject the car at this point.

I say the above because I can see that a fix was launched by the manufacturer while the car was still at the second dealership and considering the repairs carried out appear to, most likely, have been successful I do not think it would be fair and reasonable for him to reject the car. Also, I do not think it would be reasonable to say that he only temporarily used the car because he continued driving it. In addition, I have not seen enough evidence to be able to say that, most likely, he limited his use of the car or that he tried to mitigate his circumstances by trying to find an alternative mode of transport sooner. As such, overall, I have not seen enough evidence to be able to say that it would be fair and reasonable for Mr W to be able to exercise his right under the CRA to reject the car.

I know that Mr W has mentioned that there were further issues with the car, but in this decision, I am only looking at the events that have been raised by Mr W with SFS, the ones they had an opportunity to address up to and including the final response correspondence they issued to him in March 2025.

Based on the available evidence, it seems that when the car was having the issues looked at/repared, Mr W was kept mobile in a courtesy car. So, I do not think SFS need to refund him any of the payments he has made during that period. However, I know that Mr W has mentioned that this situation has also had impact on his family and it cost him money when dealing with it.

In this decision, I can only consider the impact this situation had on Mr W, so I cannot consider the impact this had on his family. In addition, I've not been given enough evidence for me to conclude that by supplying Mr W with a car that is not of satisfactory quality, SFS was, most likely, the reason for Mr W incurring a financial loss directly. However, I have considered that this matter has caused him a lot of distress and inconvenience while trying to resolve it. On numerous occasions Mr W had to take the car back to the dealerships, he had to correspond extensively with the dealership and SFS, and, at times, they did not provide him with all the information he had requested. I think Mr W would not have experienced all of this, had SFS supplied him with a car that was of a satisfactory quality. Also, I think SFS's offer of £500 fairly reflects the impact this situation had on Mr W, including the distress and inconvenience that was caused.

I know that this is not the ideal outcome that Mr W would like and I would like to express my sympathy for the position he is in, as I know it has been a difficult time for him. However, I think that, aside from paying him a total of £500 for the distress and inconvenience caused, SFS is not required to take any further action.

My final decision

For the reasons given above, I direct Volkswagen Financial Services (UK) Limited trading as Skoda Financial Services to pay Mr W a total of £500 compensation, if this has not yet been done.

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

Mike Kozbial
Ombudsman