

The complaint

Mr C complains about the quality of a new car he acquired through a hire purchase agreement with Stellantis Financial Services UK Limited ('Stellantis'). Mr C says that the car had a faulty timing belt which led to an engine failure early in the life of it.

What happened

Mr C's complaint is about the quality of new a car he acquired in October 2020 through a hire purchase agreement.

The vehicle had a retail price of £18,745.83. Mr C paid a £900 deposit meaning £17,235 was financed. This agreement was to be repaid through 46 monthly instalments of £249.11 and then a final instalment of £8,859. Based on the statement of account an outstanding balance remains due. If Mr C made repayments in line with the credit agreement, he would need to repay a total of £21,467.17.

Below is a summary of the issues complained about by Mr C and the investigation and repair work that has been carried out by a garage, alongside what has happened in respect of the complaint.

Mr C says that he started having problems with his car in mid-2024. He says the engine wasn't running correctly and there was a loss of power and, at times, a juddering. In July 2024 the car was taken to an independent garage, and it was found that the wet timing belt ('wet belt') had degraded and needed replacing. This was completed and I've seen an invoice for the repair of £900.

The garage said that there was no 'live' recall for this model of car, but this was a common fault for this type of engine.

Mr C collected the car, but he was still experiencing problems with the engine and returned it to the garage. The garage then changed the oil in the car several times to try to clear the engine of the debris caused by the wet belt failure. However, this didn't resolve the problems Mr C was having with the car. And in late August 2024, the garage concluded that the wet belt failure had damaged the engine to the degree that it was now not economically repairable. The car had travelled 34,747 miles at the time of the engine failure.

In September 2024, Mr C informed the dealership about all of this. The dealership hasn't agreed to support a repair or a rejection of the car as it hadn't worked on it. And it thought that the car was unlikely to be of unsatisfactory quality, given that Mr C had used it for four years before the engine problem occurred. It wasn't persuaded that the car had been maintained correctly, and it hadn't been maintained within the manufacturers network.

Mr C complained to Stellantis about the failure of the car. Stellantis considered this complaint, and it didn't uphold it. It said as the complaint was made outside of six months of when the car was supplied to Mr C then the onus was on him to show that the fault was present at the time of sale. It said the car had a special extended manufacturer's warranty to cover the wet belt due to their potentially being defects in the materials used in the belt. But

it thought that Mr C hadn't looked after the vehicle properly, as it had not been serviced by the dealership in the four years that he had owned it. And said that if Mr C had complied with the servicing requirements this would have been covered under the car's warranty.

It didn't agree that the car should be repaired, or that Mr C should be able to return or reject it.

Mr C didn't agree with this and brought his complaint to the Financial Ombudsman Service. Our Investigator initially didn't uphold Mr C's complaint as he hadn't provided a service history for the car. When this was provided our Investigator upheld the complaint.

She said that the problems with the wet belt led to the car not being durable and so it wasn't likely to be of satisfactory quality. She wasn't persuaded that the car had been serviced unsatisfactorily, or that it needed to have been serviced by a main dealer. She thought Mr C had reasonably maintained the car and he should be able to reject it as it wasn't of satisfactory quality, and it had failed after one repair.

Stellantis didn't agree with the Investigator. It said that Mr C was responsible for servicing the car to the manufacturer's standards and it didn't think this had been done. The failure to do this had breached the terms of the warranty and he has lost the manufacturer's support in the event of a problem. The fact that the manufacturer had declined to cover the work needed either under the term of the warranty, or as a goodwill gesture, supports that the servicing did not meet the standard required.

There was some further correspondence, and Stellantis reiterated that it didn't think the car had been serviced in line with the manufacturer's standards to qualify for the special extended warranty on the wet belt. As agreement wasn't reached, this matter has been passed to me to make a final 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Stellantis as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would need to meet the standard that a reasonable person would consider satisfactory – considering any description of the goods, the price and all the other relevant circumstances. So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the car's history.

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 this.

Here, the car was acquired new. So, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a second-hand, more road-worn car and that it could be used – free from defects – for a considerable period of time. And the car needed to be durable.

Was there a fault with the car

I think it's established that the car that was supplied to Mr C developed a fault with the wet belt system, and this in turn has led to a failure of the engine. An independent garage that worked on the car has provided confirmation that the wet belt degraded and that it needed replacing.

It's also provided an explanation about the work that was completed when the engine problems continued after the wet belt replacement and an explanation about why the car engine failed. I've found this information to be reasonable and plausible, and I've noted that no party to the complaint, in particular Stellantis or the dealership, has said that the car didn't fail or has failed for a different reason.

The dealership, and Stellantis, said the faults happened too far on from the point of supply for them to have been present when the car was supplied to Mr C. And the problems with the car happened about three and a half years after Mr C got the car and he had driven it around 35,000 miles.

But Mr C was supplied with a new car which needed a major component of the engine replacing after less than four years and the engine itself has also failed. As a starting point the failure of these parts of the car were very premature, regardless of the underlying causes them. And I think a reasonable person would expect that a new car could be driven for an ordinary number of miles, whilst being serviced regularly, and not fail at this very early time. The car should have lasted much longer than it did, I don't think this car has been durable.

Stellantis has said, or implied, that this lack of durability is due to Mr C not maintaining the car properly. It's said this in relation to the extended warranty that the car has on the wet belt. But whether the car qualified for this warranty isn't relevant to my considerations about the quality of the car. Regardless of the warranty provisions, Stellantis has responsibilities under the CRA in respect of the quality of the car and its durability. Although it is worth noting that the provision of the extended warranty does support what Mr C has said about the likely cause of the failure being a faulty wet belt.

I have considered how the car has been serviced, as I can accept that this can affect the durability of the car. Mr C has had the car serviced at the correct intervals and this included oil changes and related ancillary parts. These were completed by a well known service centre the first two times, and an independent garage for the third time. I've seen nothing that shows the servicing of the car was related to the problems with the wet belt. And Stellantis hasn't said, or provided evidence to show that, the problems with the car were due to how it was serviced (rather than saying how this affected the warranty provision).

Given all of this, I'm satisfied that the car that was supplied to Mr C wasn't of satisfactory quality as it hasn't been durable. The car has been repaired once and so I agree Mr C should now be able to reject it.

Stellantis may feel that it should have the opportunity to repair the car. But it was informed at the time about all of this, and it could have arranged repairs to the car if it felt this was the right thing to do. And it's now been too long since the fault with the car occurred for any repairs to now be performed without significant inconvenience or delay to Mr C.

Stellantis and the dealership have said that if the car had been serviced by a manufacturer affiliated dealership then it may have been noticed that the car needed work and rectified this. This may have been the case, but Mr C wasn't obliged to take his car to a dealership. And, of course, it's just as likely a dealer may not have found any problems with the car.

Because Stellantis supplied Mr C with a car which wasn't of satisfactory quality it's clear that he experienced distress and inconvenience. He's said that he's needed to use a much smaller car he has access to, and he's outlined how this ongoing situation has affected his life. I think it's fair for Stellantis to pay him £300 compensation because of this.

Mr C paid to have the car repaired, as he shouldn't have needed to pay this amount I think that Stellantis, should refund this. The invoice shows this was £900.

As the car has been undriveable since September 2024 when the timing belt degraded, I don't think Mr C should have been responsible for the payments to the finance from this time. He hasn't been kept mobile by Stellantis at all. Therefore, I believe Stellantis should refund all payments made towards the finance since September 2024.

I'm upholding this complaint; I don't think the car was of satisfactory quality and Stellantis should now pay compensation.

Putting things right

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and direct Stellantis to:

- End the agreement with nothing further to pay.
- Collect the car (if this hasn't been done already) at no further cost to Mr C.
- Refund any deposit paid.
- Pay a refund of the amounts Mr C paid towards the finance from September 2024 onwards to cover any loss of use, or impaired use, of the car because of the inherent quality issues.
- Refund Mr C the £900 repair bill.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- Pay £300 for any distress or inconvenience that's been caused by the faulty goods.
- Remove any adverse information from Mr C's credit file in relation to the agreement.

If Stellantis considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I uphold Mr C's complaint.

Stellantis Financial Services UK Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 January 2025.

Andy Burlinson
Ombudsman