

The complaint

Mr J complains that a car supplied to him under a hire purchase agreement with RCI Financial Services Limited trading as Nissan Financial Services (RCI) is of unsatisfactory quality.

As a note, Mr J has been represented in this complaint. For ease, I'll refer to any information supplied by Mr J or Mr J's representative as being supplied by Mr J.

I can see that Mr J's representative has explained the extremely difficult time they have been going through as a result of the complained about events and the affect the situation has had on them and how it has left them feeling. The investigator assigned to the complaint has asked about support for Mr J's representative and has provided details of organisations that may be able to offer additional support. I wanted to set out first that I have kept all of this in mind whilst making my decision on the complaint, and I hope that Mr J's representative is feeling better than previously and is obtaining support if needed.

If Mr J's representative would like it, the investigator attached to this complaint will be on hand to offer support.

What happened

In October 2023, Mr J entered into a hire purchase agreement with RCI to purchase a brand-new car. The cash price of the car was £36,749.80 with a deposit of £1,602.00 being paid towards the agreement. The total amount repayable on the agreement was £44,170.21 payable by 47 monthly payments of £515.49 to be followed by one payment of £515.73 with a final payment of £17,824.45 being due.

Mr J explained that soon after acquiring the vehicle, a system fault message appeared, and that the dealership explained to ignore it. Mr J stated that there were further warning messages but again the dealership did not investigate. Mr J then explained that the vehicle stopped working around July 2024. When investigated, the repairer believed that a replacement engine and all oil fed parts are required. Mr J strongly believes the vehicle had an inherent fault, has supplied information and testimony from a friend and has supplied information of similar vehicles suffering similar issues.

Following this, Mr J complained to RCI about the problems with the vehicle. RCI did not uphold the complaint. In its final response RCI stated that as the vehicle had not been serviced in line with manufacturer advice, it did not believe the vehicle was of unsatisfactory quality when it was supplied.

Mr J disagreed with this and brought his complaint to this service, where it was passed to one of our investigators. The investigator did not uphold the complaint. They explained there wasn't evidence to show the vehicle was of unsatisfactory quality when it was supplied. Mr J disagreed with the outcome and so I've been asked to review the complaint 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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr J acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr J's complaint about RCI. RCI is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods 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 vehicle's history.

In this case, Mr J acquired a car that was brand-new. As this was a new car it would be reasonable to suggest that Mr J could expect to use it free from major defects for a longer period of time than an older or more road-worn vehicle.

I've reviewed the available evidence about the issues Mr J experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the engine that requires replacement or repair. I say this because neither Mr J nor RCI dispute the vehicle has had these faults or that the car needs repairing. I've also seen diagnostics confirming other fault codes as well as a technician's report on the engine issue. Having considered the car had faults, I've considered whether it was of satisfactory quality at the time of supply.

The major point of contention here is what has caused the vehicle to fail. Mr J has supplied testimony from a friend explaining that the fault codes found through diagnostics do not match the technician's diagnosis of what happened to the vehicle. Mr J has also explained that there are other similar vehicles suffering from potentially similar power issues, alongside recall information and images of the vehicle showing a system fault early on after acquiring the vehicle, as well as a recall notice.

I've also seen the technician's report on the vehicle, carried out at around 15,427 miles in July 2024. This explains that the vehicle was recovered to the dealership with a loud noise from under the bonnet area. After further investigation, the technician explains that the engine has failed with huge amounts of swarf in the engine. This required a replacement engine alongside all oil fed parts, with potentially further parts needed when fully stripped. I've also seen the servicing schedule for the vehicle from the manufacturer, and Mr J's testimony explaining that the service had not been carried out.

I appreciate what Mr J has said about the warning messages on the dashboard, and what he was told about these by the dealership. The warning messages themselves do not show a fault that made the vehicle of unsatisfactory quality when it was supplied. Warning messages can be for a number of different reasons, and may or may not require attention depending on

what has happened. I have no evidence that this relates to an issue that made the vehicle of unsatisfactory quality.

Similarly for recall notices, some can be precautionary, and some for issues that require maintenance. I've seen no evidence that the outstanding recall notice on this vehicle made it of unsatisfactory quality when it was supplied. From what I've seen this appears to relate to a potential battery fluctuation issue and requires a software update. I also have nothing to link this to the engine damage reported.

I have seen the manufacturer guidance on servicing, and that the schedule shows a service due at 9,000 miles or 12 months, whichever occurs first. This schedule confirms that the engine oil and engine oil filter will be replaced at this service.

Servicing of a car is of high importance, and lack of servicing can quickly accelerate wear on components, leaving a vehicle at risk of serious issues. Things like the quality or amount of oil can degrade over time and distance travelled, potentially leading to severe issues such as engine failure. Research suggests that the first service of a brand-new car can be of particular importance to have carried out on time to ensure proper running of the vehicle.

Mr J had travelled over 15,000 miles in around 9 months after acquiring the vehicle, which I'd consider to be above average mileage for this timeframe. The recorded mileage is significantly above the manufacturer recommended service interval for the vehicle. The dealership technician that inspected the vehicle confirmed a loud knocking from the engine bay when running and fault codes stored. On further examination they suspected the engine failed appearing to be bottom end, with huge amounts of swarf in the engine and sump. This is when they explained an engine is required along with all oil fed parts.

Mr J's friend's testimony explains that the fault codes found do not line up with what the technician has listed as needing replacement. Whilst I appreciate the testimony provided and the experience of the person this testimony comes from, the most persuasive evidence I have is the dealership technician that has inspected the vehicle itself and the faults present. The information I have persuades me that the vehicle was of satisfactory quality when it was supplied, and that the failure of the engine is most likely down to the lack of servicing, contributing to the early failure of the parts that need replacing. I have no evidence that shows me this has not happened in this case.

I appreciate that Mr J feels very strongly that this is not the case, however the technical bulletin regarding a potential e-power system issue causing limp mode on some vehicles, other testimony and the dashboard warning images are not enough to show evidence that the vehicle was of unsatisfactory quality when it was supplied for the reasons explained above.

My final decision

Although I appreciate why Mr J is unhappy and has raised the complaint, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 6 March 2026.

Jack Evans
Ombudsman