

## **The complaint**

Mrs M is unhappy with the quality of a car financed using a hire purchase agreement from Volkswagen Financial Services (UK) Limited trading as Skoda Financial Services.

## **What happened**

In April 2023 Mrs M entered into a hire purchase agreement with Volkswagen for a used car. The car was around four years old and had been driven for 36,500 miles. The cash price was £32,545.

Mrs M has supplied an email showing she reported a noise coming from the car amongst other issues on 29 April 2023.

She says that the dealership took in the car and fixed all of the issues apart from the noise, which they said was a characteristic of it.

In February 2024 Mrs M experienced an intermittent electrical fault. The fault was fixed and Mrs M was provided a courtesy car, but she's said it was not an equivalent to hers.

In August 2024, Mrs M booked the car in for a health check as she said the noise was becoming louder. She has said the brake discs were changed in September 2024 as a result.

In February 2025 Mrs M reported a whining noise from the car. At this point the car had been driven at least 20,000 miles since it was acquired. It was taken to a garage who said the noise appeared to be coming from the motor. They advised that the car needed to be taken to an Audi specialist.

In May 2025 further investigations were carried out which identified metal swarf in the transmission oil. Stripping the transmission was recommended to further identify what was wrong.

In August 2025 the car was stripped for further diagnostics and the garage said the transmissions and electric motor needed to be replaced.

Mrs M feels the results of the most recent diagnostic shows that the car was of unsatisfactory quality when she acquired it as she has consistently reported it making a noise. And so, she would like to reject the car or for Volkswagen to pay for the repairs that are needed.

Volkswagen agreed to pay £630 for the diagnostic strip. But they said because it didn't confirm if the issues were present or developing at the point of sale they didn't think they needed to do anything further.

An investigator looked into things and said they didn't think there was enough evidence the faults with the car were linked to the quality of it at the time of supply. They instead thought the faults were related to wear and tear.

Unhappy with the investigators findings, Mrs M asked for an Ombudsman's decision, so the case was passed to me to decide. I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

*First, Mrs M has said she feels the car and finance was misrepresented to her because the risk of the car depreciating in value was not explained at the point of supply. I can't see she has complained to Volkswagen about this point. If Mrs M wants to complain about that, she should do so to Volkswagen in the first instance.*

*Mrs M acquired her car using a hire purchase agreement and so The Consumer Rights Act 2015 ("CRA") is a relevant legislation for this complaint. The CRA sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of satisfactory quality. Section 9 of the CRA says that goods are of satisfactory quality if they meet the standard that a reasonable person would consider satisfactory. When considering the quality of a car, the age, mileage and price are things that need to be taken into account.*

*The quality of the goods also includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.*

*I know Mrs M is unhappy that she was paying her finance when the car was in for repair for the intermittent electrical fault. Although I can appreciate her frustration with the courtesy car she was supplied, I think it's reasonable that she was kept mobile at this time.*

*There is no dispute that there is a current fault with the car. The latest diagnostic confirms that the electric motor makes a significant grinding noise and that the transmission and electric motor need replacing.*

*Mrs M feels that these issues were present at the point of supply because she first reported a noise coming from the car soon after acquiring it. She has explained she was told that it was just a characteristic of the car, but she says the noise got progressively louder over time.*

*Mrs M also says the car brake discs were replaced in September 2024 in an attempt to stop the noise. She has also supplied evidence that she got the car serviced in 2023 and 2024, complying with the manufacturers recommendations.*

*I've seen that the garage who carried out the diagnostic strip told Mrs M she should speak to her supplying dealer or warranty provider. This implies they think the issues with the car are not something they would expect to happen this soon.*

*I've then gone on to consider the repairs that are needed with the car, specifically taking into account what the CRA says about satisfactory quality. Mrs M's car now requires over £10,000 worth of repairs.*

*One of the issues I need to consider is whether the car is durable – that is, the components within the car must last a reasonable amount of time. In the case of the transmission and the electric motor, failure at this mileage does seem very premature and my online research suggests that both should last substantially longer than this.*

*I've no evidence to indicate that Mrs M has caused or contributed to these failures. This is because she has had the car serviced regularly and I don't think her mileage since she acquired it has been excessive. So, on balance it seems to me to be more likely than not that these components were not durable, and therefore the car was not of satisfactory quality at the point of supply.*

*Considering all of this, I'm not persuaded that the repairs needed to the car are reasonable. Nor would I expect the parts that have failed to have happened to a car of this age and mileage. And so, although I understand Volkswagen's position, I find the evidence provided to support Mrs M's position to be persuasive here and I don't think that in the circumstances, the car supplied was durable.*

*It follows then that I don't think a reasonable person under the parameters of the CRA would say that the car was of satisfactory quality when it was supplied.*

*Because of this, I think Volkswagen should be responsible for the repairs to Mrs M's car. I note the car is yet to be repaired following the diagnostic stripping, so I require Volkswagen to arrange for repairs to be completed within a reasonable timeframe.*

*Mrs M has been without her car since taking it in for diagnostic testing in August 2025. So, as she hasn't had use of it, Volkswagen should refund her the finance payments since this time to when Mrs M either receives a courtesy car, or repairs are completed and the car is returned to her. They should pay 8% simple interest on any refunded amounts from the date Mrs M paid them to the settlement of this complaint. This is because she has been without use of these funds.*

*I also think Volkswagen should pay Mrs M £300 for the distress and inconvenience she has experienced as a result of the faulty car. I say this because Mrs M has had the inconvenience and stress of having to take her car for multiple diagnostics. I can understand why Mrs M would've found all that has happened frustrating. She has also explained that she had to purchase another car which has caused financial strain. I think £300 acknowledges the distress and inconvenience she would've experienced.*

Mrs M replied to my provisional decision and in summary said:

- She has continued to make her finance repayments and paid road tax despite having no use of the vehicle;
- She had to rent another car to remain mobile;
- She cancelled the car insurance which resulted in a charge;
- She has experienced financial strain;
- She has lost the value of her deposit because of the car being in negative equity;
- She is concerned about the condition of the car as it has been partially dismantled for a period of time which may lead to further failures;
- She is worried any potential related failures could mean she is charged more once her agreement ends; and
- She doesn't agree the compensation amount reflects the effect this has had on her.

Volkswagen replied and 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.

First, I acknowledged in my provisional decision that Mrs M has said she feels the car and finance was misrepresented to her because the risk of the car depreciating in value was not explained at the point of supply. I explained that I couldn't see she had complained to Volkswagen about this point. If Mrs M wants to complain about that, she should do so to Volkswagen in the first instance.

I also explained in my provisional decision that Volkswagen should refund Mrs M the finance

payments she paid for when she didn't have use of her car. I don't think it would be fair to award hire car costs on top of this as I have to bear in mind that Mrs M would always have had some costs in order to remain mobile.

For similar reasons, I also didn't ask Volkswagen to refund costs like road tax and insurance as these costs are ones Mrs M would've always had to pay as a result of having a car.

I know Mrs M is also concerned about the quality of the car after the repairs. I require Volkswagen to arrange a reasonable and effective repair. If any further quality issues arise as a result of the repair, then Mrs M should contact Volkswagen in the first instance. She should not be responsible for any further charges or repairs related to this repair work.

I hope this clarifies things for Mrs M. As Volkswagen accepted my decision, and the further comments from Mrs M haven't changed my findings, I see no reason to depart from the conclusions I reached in my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint and require Volkswagen Financial Services (UK) Limited trading as Skoda Financial Services to do the following:

1. Arrange reasonable and effective repairs to Mrs M's car at no cost to her and within a reasonable time frame;
2. Refund Mrs M the repayments she made from 11 August to when Mrs M either receives a courtesy car or repairs are completed and the car returned to her. If Mrs M is provided with a courtesy car, then any refunds should stop at this point;
3. If no courtesy car is provided during these repairs, Volkswagen should also refund the payments due for the period of the repairs;
4. Add interest at a rate of 8% a year simple to part two of this settlement from the dates they were paid, to the date of settlement of this complaint;\*
5. Pay Mrs M £300 for the distress and inconvenience she has experienced.

\* If Volkswagen deducts tax from any interest they pay to Mrs M, they should provide her with a tax deduction certificate if she asks for one, so she can reclaim the tax from the tax authorities if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 January 2026.

Ami Bains  
**Ombudsman**