

The complaint

X complains that a car they acquired via a hire purchase agreement with Volkswagen Financial Services (UK) Limited trading as Audi Financial Services (“AFS”) wasn’t of satisfactory quality and that AFS didn’t handle their complaint fairly.

What happened

X acquired a new car in October 2022 via a 4-year hire purchase agreement with AFS.

In November 2024, X experienced a noise when driving in reverse which they raised with the dealership. The dealership investigated and said there was a faint noise. It deglazed the brakes as a precautionary measure. This was performed under the warranty and at no cost to X.

In January 2025 warning lights illuminated on the dashboard indicating an electrical fault. On investigation, an issue with the alternator was identified and this was replaced. This repair was again performed under the warranty.

In May 2025 the coolant warning light illuminated, and the car was taken in by the dealership for investigation. A new coolant pump was fitted, and the car was reported to be fully repaired after a few weeks.

However, X was concerned that the car was unsafe to use after the issues they had experienced which had included needing to call out roadside assistance. They didn’t collect the car from the dealership and complained to both AFS and to the manufacturer’s customer care.

The manufacturer’s customer care apologised for the issues X had experienced with the car and offered them £1000 to put towards a new vehicle. AFS didn’t uphold their complaint. It said that the faults with the car hadn’t been present or developing at the point of supply and that the car had now been fully repaired. However, AFS, as a gesture of goodwill, offered X £1000 as compensation for the distress and inconvenience caused.

X didn’t agree with AFS’s resolution of their complaint, and they complained to this service. X said they didn’t want the car back as they felt unsafe driving it and believed there was an underlying fault with it. They said that the compensation offered wasn’t sufficient as they had had to rent cars in the meantime due to no courtesy car being supplied since May 2025.

X also said they were unhappy that AFS had later declined an application from them for a new financial agreement which would have allowed them to replace/part-exchange the car on the grounds that it would be unaffordable.

Our investigator didn’t recommend that X’s complaint should be upheld. He said he thought AFS’s offer of £1000 compensation was fair and reasonable in the circumstances.

Our investigator said he accepted the car hadn’t been of satisfactory quality at the point of supply as a relatively new car wouldn’t reasonably be expected to have required the repairs

that it had. The car, he said, wasn't durable. He also said that he couldn't see X had asked AFS about rejecting the car before the repairs had been completed and that in line with the Consumer Rights Act 2015 the retailer had a right of repair. He said there wasn't any evidence that the repairs had been unsuccessful.

Our investigator said that he wouldn't ask AFS to pay a larger amount of compensation because X had been provided with a courtesy car while his car was being repaired. This had ceased when X's car had been repaired, so he said he didn't think AFS was responsible for the further car hire costs accrued by X.

In regard to the declining of a new credit agreement, our investigator said that this criterion was commercially sensitive and there wasn't evidence AFS had acted unfairly or hadn't considered the application in line with its criteria.

X disagreed with our investigator's view and asked that their complaint be considered by an ombudsman. X raised a number of points they wanted the ombudsman to consider about the way AFS had handled their complaint, the financial impact on them having to deal with the faulty car and about the decision of AFS to decline another finance agreement.

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.

When looking at this complaint I need to have regard to the relevant law 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 X is a regulated consumer credit agreement, then this service is able to consider complaints relating to it. AFS is also the supplier of the goods under this type of agreement and is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 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.

Here the car was brand new when supplied so was around two years and had a mileage of about 20,000 when the fault with the alternator was identified and this part replaced. It was around four months later that a new coolant pump needed to be fitted. And I think that a reasonable person wouldn't have expected that a car of this age and mileage to have required those repairs. I agree with our investigator's view that the car wasn't as durable as would be expected and therefore wasn't of satisfactory quality at its point of supply.

However, just because a car isn't of satisfactory quality when acquired by a consumer that doesn't necessarily mean that the consumer has the right to reject it. Here, I haven't seen any evidence that either of these two faults were linked or that the repairs undertaken were unsuccessful. I think it's reasonable to consider that the car is fully repaired.

Under the Consumer Rights Act 2015, the retailer does have the right to repair as a form of redress for a fault, and I think it has done that here. Further, while X says they raised

rejecting the car with the dealer I think it's fair to say other redress options were also explored. I can't say X maintained their right to reject the car. I also don't think that, as the car has been fully repaired and there is no evidence of there being any other inherent faults with it, that rejection would be proportionate. I don't have evidence on which I can say the car is now unsafe to use.

X has asked me to consider a number of issues and these have included concerns about the way AFS has handled their complaint; that its decision about their complaint wasn't independently made, that AFS has benefitted the delays in concluding the matter and that AFS hasn't offered support when they are experiencing financial difficulty making the payments due under the agreement. X has also said that the compensation offered is unfair given all the expenditure and distress they have had to deal with.

Looking at the way AFS has handled X's complaint, I need to set out that this is not a matter I can necessarily consider because complaint handling isn't a regulated service. However, here, I'm not surprised that AFS consulted with the dealer or the manufacturer as part of its investigation into X's complaint as I would expect it to look at what has happened and gather the views and evidence from all of those involved. I also don't think that because AFS offered compensation in the same sum as the manufacturer's customer care had, that this meant AFS's decision hadn't been made independently.

I also don't think that AFS has benefitted from any delay. I appreciate X is unhappy that they have continued to pay the monthly instalments under the agreement, but the agreement hasn't ended and that is their ongoing contractual obligation. The car has been available for X to collect and use since it was repaired in May 2025. I think it's fair to say that X has chosen not to collect it and that wouldn't entitle them to stop paying for it nor would it mean AFS should reimburse them these costs.

This also leads into the issue of the additional costs X has incurred renting cars as no courtesy cars have been provided since this car had its second repair. Again, as X could have collected their car from the dealership, I can't say that AFS is responsible for any costs arising from their failure to do that. I appreciate X's strength of feeling that the car isn't safe to use but I haven't seen any evidence that this is the case. So, I can't fairly say that AFS should be liable for expenses incurred by X deciding not to pick the car up from the dealership.

X is unhappy that the dealership has written to them about charges for storing the car. As set out above, as I am satisfied X has chosen not to collect it, then I can't reasonably say the dealership's request for storage fees is something that AFS has any responsibility for. X will need to resolve that matter with the dealership.

X has raised that AFS hasn't treated them fairly over the financial hardship caused to them due to the car not being used and their having to continue with the contractual monthly payments. While I appreciate X has continued to pay, I can't see they raised financial hardship directly with AFS nor have I seen that they asked for help with those monthly payments. As this is not something which X has raised directly with AFS, then this service isn't able to look at that part of X's complaint. This is because our remit to look into a complaint arises only after the business has had an opportunity to investigate it first.

X has said they are unhappy about the decision of AFS not to offer them a new finance agreement. They have queried the reason given about affordability and say they have contradicting evidence about that as recently a dealership had given them a quote for around the same cost as this agreement. They have also raised issues with recent correspondence and decisions over a new finance deal. Again, X has raised new issues that they must raise with AFS first and I'm not able to consider them with this complaint. But, in

respect of the decision not to agree to new finance in the summer which would have enabled X to part-exchange the car, I think that AFS was entitled to make this decision on the grounds of affordability. It provided its reasons to X for that decision. I don't have evidence that decision didn't follow AFS's lending criteria.

X is unhappy at the level of compensation offered. As set out above, I don't think that AFS is responsible for reimbursing X the monthly instalments for the car since May 2025 because the car has been available to them to use. I've seen that when the car was being repaired, courtesy cars were provided so X was kept mobile. In these circumstances I don't think it would be fair for any instalments paid while the car was being repaired to be reimbursed to X by AFS.

I do accept, however, that X has suffered distress and inconvenience dealing with the faulty car and when looking at the impact of that on them, then I think £1000 compensation is fair and reasonable. I'm not asking AFS to increase that amount.

For the reasons set out above, I'm not upholding X's complaint.

My final decision

For the reasons given above, I'm not upholding X's complaint

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

Jocelyn Griffith
Ombudsman