DRN-6146640

The complaint

Mr B complains about the quality of a car he has been financing through an agreement with RCI Financial Services Limited trading as Dacia Finance (who I'll call RCI).

What happened

I issued a provisional decision on this complaint earlier this month. An extract from that provisional decision is set out below.

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr B took receipt of a new car in December 2021. On 17 February 2025 the car broke down, and the water pump was replaced. Mr B asked the supplying dealership for help, but they explained the car was outside of its warranty and the car was therefore taken to a third-party garage (who I'll call 'CA') where it was repaired and returned to Mr B on 21 February 2025. On 24 February the car wouldn't start, and Mr B called breakdown services who thought there may be an air lock in the system after the water pump replacement. The car was returned to CA who said:

"After investigation we have found the (car) to be building excessive pressure in the coolant system. We strongly suspect this is something head gasket or head related due to the engine over heating when the water pump failed."

The car was transported to an authorised dealership (who I'll call 'V') at Mr B's expense. V said the head gasket had failed and there was extensive engine damage.

RCI didn't support Mr B's complaint about the quality of the car. They said the service history was incomplete, and as the water pump had not been fitted by an authorised dealership and the car failed when the pump was defective, the manufacturer wouldn't assist.

Mr B referred his complaint to this service. Our investigator was initially persuaded to support his complaint but subsequently changed his mind when RCI provided further evidence.

Mr B didn't agree and he asked for a decision by an ombudsman.

What I've provisionally 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'm currently inclined to uphold this complaint.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

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 B acquired his car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

Under the Consumer Rights Act (2015), the car must have been of satisfactory quality when supplied. This was a new car so I don't think a reasonable person would expect it to have any faults when supplied. The legislation says that when we consider whether a car has been of satisfactory quality we should also consider whether it's been durable.

The water pump failure

A key feature of this complaint is that the engine damage followed shortly after the failure of the water pump.

The authorised dealership accepted that they wouldn't ordinarily expect a water pump to fail at the car's age and mileage. I've also taken into account general industry guidance, which suggests water pumps would typically be expected to last in the region of 60,000 to 100,000 miles under normal use.

While I recognise that components can fail earlier than expected, I'm not persuaded it's reasonable to regard this failure as simply wear and tear or a durability issue the consumer should fairly bear. On the evidence I've seen, the water pump failed prematurely, wasn't durable, and that failure appears to have been the starting point for the subsequent overheating and engine damage.

The cause of the engine failure

RCI says the failure was more likely caused by an inadequate repair and an air lock in the coolant system. However, I haven't seen persuasive evidence to support that conclusion.

While breakdown services thought an air lock may be the cause of overheating, neither CA nor V, who looked at the car after that report, identified an airlock as the cause of the engine damage. CA's contemporaneous findings instead point to excessive pressure in the coolant system and strongly suspect head gasket or head-related failure caused by overheating when the water pump failed. V independently confirmed head gasket failure and extensive engine damage.

While I think an air lock can cause overheating, RCI hasn't shown that:

- *an air lock was present following the repair,*
- *it resulted from poor workmanship, or*
- *it was the dominant cause of the engine damage.*

On the evidence available, their position appears to be speculative rather than supported by expert findings.

Low coolant level

RCI has also relied on the fact that the breakdown service later noted the coolant level was very low, and they say this should have been identified by the repairer.

However, CA has said they topped up the cooling system and test drove the car following the water pump replacement. I haven't seen evidence to show that account is wrong. Given the passage of time between the repair and subsequent breakdown, the low coolant level is at least as consistent with coolant loss caused by an underlying or developing internal fault as it is with inadequate repair.

I'm therefore not persuaded it's fair to conclude the low coolant level demonstrates poor workmanship or breaks the chain of causation.

Service history

RCI has said the service records are inadequate because they don't specify the oil used or confirm that original equipment parts were fitted.

The evidence shows that:

• the car was serviced in each of the three years of ownership,
• oil changes were completed when due, and
• servicing was carried out by an authorised dealership.

In most circumstances, and in the absence of evidence to the contrary, it's reasonable to infer that servicing was completed in line with manufacturer standards. I don't think it would be fair to expect Mr B to produce granular workshop-level detail years later where there's no evidence of missed services or substandard maintenance.

I don't accept that there is sufficient evidence to support RCI's assertion that there was inadequate servicing or that any inadequacies in that servicing caused the water pump to fail prematurely

Overall assessment of quality and durability

Taking everything into account, I'm satisfied that:

• the water pump failed earlier than would reasonably have been expected,
• the engine damage followed shortly afterwards,
• independent repairers identified overheating-related head gasket failure, and
• RCI hasn't shown, on the balance of probabilities, that poor workmanship or inadequate servicing was the more likely case.

A reasonable consumer wouldn't expect a car of this age and mileage, which has been serviced annually by an authorised dealership, to suffer catastrophic engine failure in these circumstances.

For the reasons I've explained, I'm satisfied that the car wasn't of satisfactory quality at the relevant time, and I don't think that RCI has treated Mr B fairly in declining responsibility for the failure. I'm therefore expecting to uphold this complaint.

The relevant legislation gives a business one opportunity to repair a car in those circumstances, but given that the repair costs are very expensive, it seems likely repair won't be economically viable, so I think RCI should now allow Mr B to reject the car and to terminate his agreement with them. And, even if I'm wrong about that and repairs can be carried out economically, Mr B has been kept waiting for a year for the repair to be concluded and I don't think that's a reasonable timeframe. In those circumstances I also think RCI should now allow rejection.

Putting things right

RCI should collect the car at no cost to Mr B, and they should end the finance agreement.

They'll need to refund any deposit Mr B has paid and, as he's been deprived of that money, they will need to add interest to that refund.

Mr B hasn't been able to use the car since 24 February 2025 so RCI should refund any finance instalments he's paid since then or waive any that were due and haven't been paid. They'll again need to add 8% simple interest to the refund. Mr B has explained that he incurred taxi, rental and bicycle hire charges while he didn't have the car but I'm not asking RCI to refund those as it was for Mr B to mitigate those expenses and as I'm telling RCI to refund the lease charges he incurred under the agreement.

Mr B had to pay to have the car transported to V and I don't think he should have had to do that. RCI should refund that expense with 8% interest.

If Mr B incurred any storage costs or diagnostic costs as a result of the car being off the road RCI should refund them with 8% simple interest as he wouldn't have incurred those costs had the car been of satisfactory quality. Mr B will need to provide receipts to demonstrate that he incurred those charges.

Mr B has experienced distress and inconvenience here. He's explained that he's had extreme financial hardship as a result of having to pay for this car and another he has funded to replace it. He's also explained that he lives in a rural area and the car is essential for travel, and he's had to escalate his complaint to this service when I think it could have been resolved earlier. He's also had to arrange transportation of the car when he could've expected more support given the nature of the fault. In the circumstances, I think RCI should pay Mr B £500 in compensation. He's been caused considerable distress, upset and worry and significant inconvenience and disruption that needed a lot of extra effort to sort out. The impact has also lasted over almost a year.

My provisional decision

For the reasons I've given above, I'm expecting to uphold this complaint and to tell RCI Financial Services Limited to:

- *end the finance agreement with nothing more to pay,*
- *collect the car at no cost to Mr B,*
- *refund any deposit or part exchange contribution, adding 8% simple interest* per year from the date of payment to the date of settlement,*
- *refund any finance instalments paid since 24 February 2025 in respect of loss of use. Waive any that were due and haven't been paid. Add 8% simple interest* per year from the date of payment to the date of settlement. RCI can deduct the instalment that has already been refunded.*
- *refund the £200 Mr B paid to recover the vehicle. Add 8% simple interest* per year from the date of payment to the date of settlement,*
- *pay Mr B £500 to compensate him for the distress and inconvenience caused,*
- *remove any adverse information from Mr B's credit file in relation to the agreement,*
- *refund any storage or diagnostic charges Mr B has incurred as a result of the car being supplied in an unsatisfactory condition, and on provision of receipts. Add 8% simple interest* per year from the date of payment to the date of settlement.*

**If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.*

The parties' responses to my provisional decision

Mr B accepted the provisional decision, but RCI didn't. they said:

"*My assertion ''I don't think it would be fair to expect Mr B to produce granular workshop-level detail years later where there's no evidence of missed services or substandard maintenance'' was inconsistent with how the European Motor Vehicle Block Exemption Regulation (MVBER) is structured and how it allocates responsibility between consumers, independent garages, and manufacturers. Under the MVBER (Regulation (EU) No 461/2010), consumers are given the freedom to have servicing carried out by independent garages, without affecting the warranty, providing the servicing is completed strictly to manufacturer standards. Oil grade and the parts used are not overly granular details — they are fundamental requirements within the automotive industry.*

Under the Consumer Rights Act 2015, Section 49, services must be performed with reasonable care and skill. This is an objective standard, and once a non-authorised repairer intervenes, the consumer must show that the repair was executed with reasonable care and skill. Once the consumer chose to rely on an independent repairer, the burden shifts: it becomes the consumer's responsibility to prove that the repair was completed correctly and did not introduce new faults that contributed to the engine damage. The evidence supplied does not demonstrate that the independent repair was successful or carried out to the standard required by CRA 2015.

The water pump replacement was:

- *carried out after the manufacturer's warranty had expired,*
- *undertaken by an independent garage,*
- *using non-genuine parts, and*
- *performed using a repair method that does not comply with established automotive technical guidance.*

The Ombudsman refers to "general industry guidance" concerning the typical life expectancy of water pumps (60,000–100,000 miles) but failed to recognise general industry guidance regarding correct repair procedure. The invoice supplied by the independent repairer confirms that the cooling system was not drained, flushed, or refilled in accordance with established engineering standards for a water pump replacement.

According to UK-recognised automotive technical guidance, a proper water pump replacement requires:

- *full system drain*
- *coolant flush*
- *bleed procedures to eliminate air*
- *pressure testing, and*
- *thermal cycling checks.*

Failure to follow these procedures introduces a known and well-documented risk of:

- *airlocks,*
- *overheating,*
- *coolant circulation failure, and*

- *consequential head-gasket or head-related damage.*

This aligns exactly with the symptoms reported by Mr B after the repair was carried out.

Please have the Ombudsman review and provide their reasoning for either disregarding the applicable rules and regulations as stated above or if not disregarded, an explanation on how the above doesn't apply?"

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.

Having done so, my overall conclusions remain unchanged.

RCI say my provisional findings are inconsistent with the Motor Vehicle Block Exemption Regulations (MVBER) and that, once Mr B chose to use an independent repairer, the burden shifted to him to demonstrate that the repair was carried out to the appropriate technical standard. They also say the invoice suggests the cooling system wasn't drained, flushed or refilled in accordance with the recognised procedure, creating a known risk of airlocks and overheating.

I don't agree that these submissions alter the outcome.

First, this complaint isn't about whether the manufacturer was entitled to decline a warranty claim under MVBER principles. It concerns RCI's liability as the supplier of goods under a regulated credit agreement and whether under the Consumer Rights Act 2015, the car was of satisfactory quality and durable. MVBER governs competition and warranty conditions; it doesn't displace a consumer's statutory rights against a supplier.

Second, I accept that services must be carried out with reasonable care and skill. But the question for me isn't whether an airlock is theoretically possible following an inadequate repair. It's whether, on the evidence, that is more likely than not to have being the operative cause of this engine failure.

RCI hasn't produced independent expert evidence demonstrating that:

- the independent garage failed to follow required procedures;
- an airlock was in fact present after the repair; or
- such an airlock, rather than overheating initiated by the premature water pump failure, was the dominant cause of the catastrophic engine damage.

Breakdown services suggested an airlock as a possibility. However, neither CA nor the authorised dealership (V), who subsequently inspected the vehicle, identified an airlock as the cause. CA's contemporaneous findings refer to excessive pressure in the cooling system and suspected head-related damage following overheating. V Independently confirmed head gasket failure and extensive engine damage.

RCI relies heavily on what it says the invoice does not show. But the absence of detailed workshop notation isn't the same as positive evidence of negligent workmanship. In the absence of persuasive technical evidence demonstrating the repair fell below standard and caused the damage, I'm not satisfied that the chain of causation has been broken.

I also bear in mind that this was a relatively young vehicle, serviced annually, and that water pumps would ordinarily be expected to last significantly longer. The pump's premature failure

appears to have been the initiating event. The engine damage followed shortly afterwards. On balance, I remain persuaded that the most likely explanation is that engine damage flowed from that premature failure, rather than from a separate act of poor workmanship.

For those reasons, I remain satisfied that the vehicle was not of satisfactory quality or sufficiently durable at the relevant time, and that RCI hasn't shown it's fair to decline responsibility.

Putting things right

As I haven't been provided with new information that has led me to change my mind, my provisional decision now becomes my final decision on this complaint.

My final decision

For the reasons I've given above, I uphold this complaint and tell RCI Financial Services Limited to:

- end the finance agreement with nothing more to pay,
- collect the car at no cost to Mr B,
- refund any deposit or part exchange contribution, adding 8% simple interest* per year from the date of payment to the date of settlement,
- refund any finance instalments paid since 24 February 2025 in respect of loss of use. Waive any that were due and haven't been paid. Add 8% simple interest* per year from the date of payment to the date of settlement. RCI can deduct the instalment that has already been refunded.
- refund the £200 Mr B paid to recover the vehicle. Add 8% simple interest* per year from the date of payment to the date of settlement,
- pay Mr B £500 to compensate him for the distress and inconvenience caused,
- remove any adverse information from Mr B's credit file in relation to the agreement,
- refund any storage or diagnostic charges Mr B has incurred as a result of the car being supplied in an unsatisfactory condition, and on provision of receipts. Add 8% simple interest* per year from the date of payment to the date of settlement.

*If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 March 2026.

Phillip McMahon
Ombudsman