

## **The complaint**

Miss M complains about the quality of a used car she acquired through a hire purchase agreement with Volkswagen Financial Services (UK) Limited (VWFS). Miss M says that the car has been faulty since the time she acquired it, and she said that she wanted to reject the car within the first 14 days of purchase. The dealership said they had fixed the car, but they hadn't done this.

## **What happened**

Miss M's complaint is about the quality of a car she acquired in March 2025. The car was used, and it was first registered in April 2019. So, it was almost six years old when Miss M received it. It had covered 96,000 miles.

Miss M acquired the car using a hire purchase agreement that was started in March 2025. The vehicle had a retail price of £28,495. Miss M paid a £1,000 deposit meaning £27,495 was financed. This agreement was to be repaid through 47 monthly instalments of £390.69 followed by final repayment of £17,775.90. There was a £10 option to purchase fee if Mrs M wanted to purchase the car at the end of the agreement. If Miss M made repayments in line with the credit agreement, she would need to repay a total of £37,148.33.

Miss M has complained to VWFS saying that the car has had several faults that have not been resolved. VWFS considered this complaint and it upheld it. It acknowledged that Miss M has had some problems with the car, but it thought that these had been repaired. It offered £500 compensation which was comprised of a return of the first four weeks repayments, which was £400. And £100 for the inconvenience and distress that was caused. Miss M didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator upheld Miss M's complaint. She said that recent diagnostics had shown that the car was still faulty. As Miss M had reported these faults early in the life of the car, and asked to reject it, she should be allowed to reject the car now. Our Investigator also thought that Miss M should be compensated £400 for the distress all this had caused her and she agreed that the diagnostic costs, and some of the breakdown costs Miss M had incurred, should also be refunded to her. VWFS agreed with the Investigator.

Miss M didn't agree with the Investigator. She also thought that, due to the car being faulty all the time she was using it, that all the amounts she had paid should be refunded to her.

Our Investigator didn't agree that Miss M should have everything she had paid refunded to her. There was some further correspondence, but no new issues were raised. Because Miss M didn't agree, 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.

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 to reach what I think is the right outcome.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. VWFS 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.

This car was nearly six years old when Miss M acquired it and it had travelled around 96,000 miles. I think a reasonable person would accept that such a vehicle would probably have some parts that are worn and would need replacing sooner or later – which is reflected in the lower price paid in comparison to a new vehicle.

But there's also a reasonable expectation that a vehicle will be relatively durable - taking into account its age, price and mileage at the outset. So even though the vehicle wasn't new, Miss M should have been able to use it for a reasonable period before it needed significant work.

Miss M has complained about the quality of the car. Below is a summary of the issues complained of by Miss M and the investigation and repair work that has been carried out. I've not provided a lot of detail about this as VWFS now agrees that the car wasn't of satisfactory quality and have agreed to pay, and have paid, compensation. The main disagreement left for me to consider is whether the compensation is fair.

It's established that Miss M experienced some electrical problems with the car three days after she took possession of it. The dealership agreed to repair the car and Miss M was provided with a courtesy car over the time it took to repair. She then took it to another garage. It's not entirely clear, but it seems that she was without the car for around four weeks.

After initially agreeing to keep the car, Miss M then noticed it had faults and asked to reject it, this was still in March 2025. She says she was told that she couldn't now reject the car as it had been repaired.

However, Miss M has provided a diagnostic for the car from August 2025 that shows it still has problems with the electrical systems. And these are some of the same faults that were

identified earlier. VWFS has accepted that the car wasn't of satisfactory quality and that Miss M should now be able to reject it. I don't disagree with this.

As far as I can see VWFS has ended the contract and returned Miss M's deposit, and provided a return of four weeks repayments, or £400, to cover the time Miss M was without the car at the start of the agreement. There isn't now any disagreement that the contract should be ended and the first month of the repayments returned to Miss M. I think this is reasonable.

VWFS has also agreed to pay £400 for the distress and inconvenience all of this has caused Miss M. I think this is a reasonable amount in total. And, again Miss M hasn't said that this is unreasonable. I also understand this has already been paid to Miss M.

VWFS has agreed to refund Miss M for the repair work she paid for in August 2025 and some recovery costs that she may have incurred. She has provided an invoice for £610 for the repair work. Miss M has been unable to provide an invoice for the recovery costs, I think it's reasonable that VWFS sees one before payment is made. And overall, I agree that it is reasonable VWFS pay these costs.

The crux of the remaining dispute is that Miss M thinks she should receive back all the amounts she has paid for the car, in addition to the first month's repayments. I don't think this is reasonable as Miss M seems to have been able to use the car for much of the time she has acquired it. In fact, the latest mileage I've seen shows that she has been able to drive the car over 7,000 miles within the first year of ownership which is above her mileage allowance of 6,000 a year. I don't think it's been demonstrated that much of this mileage is due to the car being either travelling to and from, or with, the dealership. I'm not making an award that Miss M receives back everything she has paid because that wouldn't be fair given the circumstances of the complaint.

Whilst Miss M has had some problems with the car I don't think further compensation is reasonable due to the use she has had from it.

### **Putting things right**

Overall, I'm upholding this complaint and VWFS should pay the compensation below. If VWFS has already paid, or enacted, parts of this it doesn't need to pay, or do, this again.

- End the agreement and collect the car with nothing further to pay.
- Refund Miss M's deposit/part exchange contribution of £1,000.
- Refund Miss M £610 for the repair costs.
- Refund the recovery costs if Miss M can provide an invoice to demonstrate that she has paid them.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- Pay a total amount of £400 for any distress or inconvenience that's been caused due to the faulty goods.
- Remove any adverse information from the customer's credit file in relation to the agreement.

If VWFS considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss M how much it's taken off. It should also give Miss M 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 Miss M's complaint.

Volkswagen 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 Miss M to accept or reject my decision before 15 April 2026.

Andy Burlinson  
**Ombudsman**