

complaint

Miss F complains about a car she financed with a hire purchase agreement from Volkswagen Financial Services (UK) Limited ('VWFS').

background

Miss F says she has had lots of problems with the car since financing it in May 2015. In particular with creaking and wind noise, excess condensation, a stiff door and folding mirrors not working properly.

Our adjudicator thought that the car was faulty. And that Miss F should be able to return it for a partial refund.

VWFS disagrees. In summary, it is willing to pay Miss F compensation, but doesn't think she should be able to reject the car. It says there isn't a fault with the door alignment or condensation, and a software fix for the mirrors has just become available.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Miss F bought a brand new car worth around £15,000. Considering this, she would expect a very high standard of quality. From what I have seen I am not convinced that is what she received.

Miss F has given both a credible and detailed account of the problems with the car which happened not that long after she bought it. I can also see from the job sheets that the car has been into the dealership several times because of these. And repairs appear to have been carried out too. For example one email from the dealership confirms:

- wing mirror replaced
- stopped door creaking
- armrest creaking – new one ordered
- mirrors opening incorrectly
- passenger door not opening properly – repaired

It seems that a lot of the things Miss F had been complaining about were actually problems which needed fixing. It seems unreasonable that all these things would require fixing within the first six months of owning a new car.

I also note that an expert report mentions concerns with the alignment of the doors. VWFS has indicated that this could have been caused by Miss F and that she didn't notice it when she bought the car. But the report points out that there isn't sign of impact damage or prior repairs. And that the issue isn't immediately noticeable. Overall, the alignment issues appear to tie in with the general problems that Miss F has been having with the car.

The condensation issue is more debatable. Miss F has been very detailed about this issue. And her expert report supports problems with condensation. However, the other expert report could not find any condensation issues, nor could the dealership. I imagine that the reason the findings have been so varied on this is because the problem isn't easy to recreate. And considering the other issues with the car, and Miss F's credible submissions, I don't think it is unfair to consider there might be a condensation problem too.

VWFS deny there are any faults with condensation or door alignment. But even if I accepted that argument, there is still an outstanding problem with the folding wing mirrors. I can see from the job sheets that this was identified as an issue requiring repair at the end of 2015, yet only now has VWFS said a fix is available. The issue may seem minor to VWFS but ultimately Miss F is entitled to a car free of minor defects. And considering the historical issues with the car (it appears to have been in for a total of 6 weeks for repairs already) I don't think it is reasonable for Miss F to go for yet another repair.

I think Miss F has been reasonable in accepting some repairs already. But when issues continued she made it clear that she wanted to reject the car, and I think she should have been able to. I think it is unreasonable to expect a new car to have so many issues in such a relatively short space of time after purchase. And I am not completely convinced that all the issues have been properly dealt with, or that further repairs are reasonable.

Miss F should be able to reject the car now, have the finance cancelled and get back her deposit. But she should pay for the use she has had except for time the car has been in the garage. Miss F says it was in for a total of six weeks. And VWFS has not denied this. I can see from the job sheets and correspondence that this is quite possible. So she should get a refund of six weeks payments.

Looking at her mileage I can see that Miss F has been driving the car as usual. But because of the issues with noise and functionality her use has been somewhat impaired. So she should get back some compensation for that. I think fair compensation would be a figure equivalent to 15% of the total monthly payments she had made.

Miss F has also been caused some losses as a result of this situation. VWFS says that these things are not part of the finance agreement so Miss F can't claim them. But I disagree. She can get back reasonable losses caused by VWFS supplying her with a faulty car. In this case she should get back what she paid for paint protection, a pro rata refund of the two year GAP insurance, and £160 for the costs involved in transferring and removing her private registration plate (VWFS says she paid less for this but I believe it is referring to the first registration fee for the car).

I think Miss F should also get back what she paid for her expert report. I know VWFS doubt the credibility of this report, but ultimately it is a cost which she has been caused because of the faulty car which it supplied her with. So she should fairly get this back.

my final decision

Volkswagen Financial Services (UK) Limited should:

- take back the car from Miss F and cancel the finance;
- refund her total deposit contribution of £3,485;
- refund £100 for the expert report, £199 for paint protection and £160 for the private plate fees;
- provide a pro rata refund for the two year £199 GAP insurance policy (calculated from the date of settlement); and
- refund Miss F 15% of each of her monthly payments for the inconvenience and distress caused by the faults and an additional six weeks of payments based on the time she didn't have the car (as it was being repaired).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 4 July 2016.

Mark Lancod
ombudsman