

complaint

Mrs F complains that the car she had on hire purchase from PSA Finance UK Limited didn't work properly from the time she got it. She wants to reject it.

background

Mr F assists Mrs F in bringing her complaint. For ease, I've treated everything Mr F has told us as if it's been said by Mrs F.

In July 2014, Mrs F acquired a new car on hire purchase through PSA. The purchase price was £15,449. Around a month later, she says she noticed that the car shook and juddered when driven. She said it was as if the car was in the wrong gear. As time went on, she found the problem got worse. The car lost power and this could cause it to roll back on hills.

Over the next year, the car went back to the garage many times. Mrs F says that only once, in June 2015, did a technician find a fault - a lack of power. Two weeks later the garage carried out a number of repairs. Mrs F says this didn't fix things. Further repairs were carried out in August, but in September 2015 Mrs F decided there had been enough chances to repair the fault. She contacted PSA and told them that she thought the car was faulty at time she'd bought it. She didn't think it was fit for purpose and she wanted to reject it.

She brought her complaint under section 75 of the Consumer Credit Act 1974, which makes the finance company equally liable with the seller of the car. PSA didn't accept what she'd said. They felt the problems she'd had might be because of the way she was driving. They said she didn't have the right to reject the car, but the garage did agree to exchange it for another car.

Mrs F wasn't happy with this and brought her complaint to us. The adjudicator thought it was likely there had been a fault with the vehicle at the time it was purchased. She thought Mrs F should be allowed to end the hire purchase agreement, return the car, get back her deposit and 5% of the payments she'd made. PSA didn't think this was fair and suggested that an independent report was needed before they could be sure there was a fault with the car at all. Mrs F also disagreed with the decision. She felt that the percentage of payments refunded to her should be higher.

my findings

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

PSA have suggested that they need an independent report before it can be shown there is a fault on the car. I don't feel that I would be assisted in my decision by such a report. The intermittent nature of the fault means an examination is as likely to be inconclusive as helpful. They've also suggested that the issues that have been experienced by Mrs F may be due to the way in which the car has been driven. I have seen nothing to support this suggestion.

Mrs F told us that she'd kept a log of when the faults occurred and provided it to the garage. We asked PSA to provide a copy but they were unable to do so and so I've made my decision based on the evidence I have available.

Mrs F reported the problem with the car after she had owned it for around a month. In the months which followed, the garage carried out a series of repairs, none of which resolved the issue. I'm satisfied that it's unlikely they would have done so if they hadn't believed there was a problem with the car.

I've seen the invoice of 5 June 2015, which refers to a "report" by the technician. Other invoices refer only to "notes". Mrs F told us that the technician had experienced the loss of power for himself and, based on the invoice, I'm satisfied that's likely. The fact it was only observed once, in spite of the car being examined many times, is consistent with the intermittent nature of the fault described by Mrs F. I find the evidence of Mrs F credible and, on balance, I'm satisfied that the car has the defects that she describes.

Goods need to be of satisfactory quality. This includes them being free from defects and being safe. I'm satisfied that it's not reasonable for a new car to have developed a fault like this. I find that the fault makes the car not fit for purpose. There have been unsuccessful attempts to repair the car and I don't think it's appropriate to make Mrs F keep it now.

Mrs F feels that she should get a higher proportion of her payments back. Despite the issue with the car Mrs F has been able to have almost full use of it, and she has said she was given a courtesy car when it was at the garage. I think that what the adjudicator has proposed is fair. It's now a matter for Mrs F to decide whether she wishes to accept this.

my final decision

My final decision is that uphold this complaint. In order to resolve the matter I require PSA Finance UK Limited to:

- take back the car at no cost to Mrs F and cancel the finance agreement.
- refund Mrs F her deposit of £1,000 and pay yearly simple interest on this at 8% from the date of payment to the date of settlement.
- refund 5% of her monthly payments from the start of the agreement to the date of settlement.

If PSA deducts tax from the interest element of my award, it should provide Mrs F with a tax deduction certificate when making payment. She may then be able to reclaim the tax from the tax authorities if appropriate. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 8 April 2016.

Nicola Crabb
ombudsman