

## **complaint**

Mr S complains the van supplied to him under a fixed sum loan by FCE Bank Plc wasn't of satisfactory quality.

## **background**

Mr S acquired a new van in April 2016 but in August 2016 it began to experience problems with the hill start and clutch. It went in for repairs but the problems continued and between then and July 2017 it went back for the same problem numerous times.

Mr S says these problems were having an adverse affect on his business so in July 2017 he decided to trade it in. However he says he wouldn't have had to do this if it wasn't for the continuing problems. He feels Ford Credit should compensate him for this and for the £4,000 depreciation in the van's value on trade in.

Ford Credit agreed he'd had problems with the van. But it said he'd now taken out a new finance agreement on a different van so the original one had been settled and couldn't now be cancelled. However it offered to refund £2,602.80 being 50% of the first 12 month's instalments, £80 for the cost of transferring the registration to his new van and £250 for the inconvenience caused by what had happened.

Our investigator upheld Mr S's complaint. She said the first van had been new and Mr S was entitled to expect it would be trouble free for a significant period of time. But it was clear he'd had a persistent problem with the van starting shortly after purchase. On that basis she didn't consider the van had been of satisfactory quality at the point of sale.

In this case Mr S had traded the van in and taken out a new finance agreement so she couldn't ask Ford Credit to cancel the agreement or replace the van. But she felt Mr S wouldn't have done this if it hadn't been for the problems he'd had so she felt it'd be fair for Ford Credit to compensate him for this. With regard to the depreciation on trade in, she asked Ford Credit to calculate the amount that would have occurred before the problems began and to pay the difference to Mr S. In addition it should refund him 50% of the first twelve month's payments and pay him £400 compensation.

Mr S accepted the decision. Ford Credit accepted in part and paid Mr S £4,400 made up of £400 compensation and £4,000 depreciation. It said it wasn't able to apportion the depreciation accurately but it felt the depreciation after August 2016 was approximately £3,000. It pointed out that on that basis the amount it had paid so far was broadly speaking what the investigator had recommended. For that reason it didn't agree it should also refund 50% of the first twelve month's payments and asked for the complaint to be referred to an ombudsman.

## **my findings**

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 I've come to the same conclusion as the investigator and for broadly the same reasons as I'll now explain.

Under the Consumer Rights Act 2015 Ford Credit, as the provider of the finance in this case, is responsible to ensure that the vehicle supplied to Mr S was of satisfactory quality. That is what a reasonable person would consider to be satisfactory and in the case of a vehicle that includes its age and mileage. If I find it wasn't satisfactory, then I can ask Ford Credit to take steps to put matters right.

In this case the van supplied to Mr S was brand new. Understandably he expected it to be fault free but the information shows it developed a problem with the hill start and the engine management light some four months after purchase and, despite repeated attempts at repair, the problem continued. In the circumstances I'm satisfied the vehicle wasn't of satisfactory quality at the point of sale. And it seems Ford Credit also accepted this as it made an offer of compensation to Mr S for his costs and inconvenience caused by these issues.

If Mr S still had the van it's probable I'd have allowed him to reject it and to recover all his costs and payments in connection with the finance agreement. However Mr S has explained that he couldn't continue with the inconvenience and the loss of use of the van while it was being repaired so he finally decided to trade it in in July 2017. But I'm satisfied he only did so because of the ongoing problems and for that reason, I consider it's only reasonable for Ford Credit to compensate him for the losses resulting from this. This is in addition to any compensation for the impact of the problems he had while he still had the van.

On trade in, Mr S was told the value of the van had depreciated by £4,000. That's not unexpected as the value of a new vehicle will fall significantly in the first year. And I've considered whether this was simply a cost Mr S should have to bear as part of his decision to change the van. However I'm persuaded that Mr S wouldn't have acquired a new van if he'd intended to trade it in so soon and that he only did so at that point because of the ongoing problems. For that reason I think it's fair for Ford Credit to reimburse him for that part of the depreciation from August 2016 onwards.

I accept it's not a straightforward task to try and apportion this but Ford Credit has calculated it to be £3,000 and I think that's reasonable. It should also pay the cost of changing the registration from the first van to the second.

In addition it's clear Mr S's use of the van in the first year was considerably restricted because of its faults and for that reason, I consider it's also fair for Ford Credit to reimburse him 50% of his payments during the first twelve months. This amounts to £2,602.80. Finally Ford Credit should also pay him £400 compensation for the inconvenience and trouble that lasted almost fifteen months.

This makes a total award of £6,002.80. Ford Credit has already paid Mr S £4,400 so the amount still to be paid is £1,602.80.

**my final decision**

My final decision is that I uphold Mr S's complaint and direct FCE Bank Plc to pay Mr S

- a) £2,802.80 being 50% of the first twelve month's repayments;
- b) £3,000 for the relevant depreciation from August 2016 to April 2017;
- c) £400 compensation for Mr S's trouble and inconvenience.

FCE Bank plc has already paid Mr S £4,400 so it should deduct this from the total award above and pay the balance to Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 December 2018.

Cerys Jones  
**ombudsman**