

The complaint

Ms R complains about the quality of a used car that was supplied through a hire purchase agreement with Stellantis Financial Services UK Limited (SFS). Ms R is also unhappy with the contact she's had from them.

What happened

In April 2022, Ms R acquired a used car through a hire purchase agreement with SFS. The car was about three and a half years old and had travelled 39,481 miles when it was supplied. The cash price of the car was £17,259. Ms R made an advanced payment of £500, so the total amount financed on the agreement was £16,759 payable over 48 months

Ms R said soon after acquiring the car it developed a series of mechanical issues. She complained to SFS which resulted in her complaint being raised to our service. It was concluded that SFS should be allowed the right to repair the car.

Following the repairs to her car, Ms R said it was MOT'd and serviced on 29 March 2023. However, when she started using it two months later the oil warning light illuminated. Ms R said she booked her car in to the garage for August 2023 but raised a complaint with SFS because she believed the car wasn't fixed properly and now wanted to reject it. Ms R said the oil warning light was the same issue that led to the '*catastrophic failure*' previously.

Ms R said the garage intended on charging her £120 for diagnostics, so she cancelled the appointment and suggested that they collect the car and pay for the diagnostic charge themselves. Ms R said despite attempts to contact SFS they've not responded to her.

Unhappy with the situation Ms R brought her complaint to our service for investigation. Ms R said she's paying for a car that's not fit for purpose so her only option is to purchase another. Ms R wants to reject the car, to cancel the finance agreement and to receive compensation for the '*upset, aggravation, time and effort*' she's had to endure.

In August 2023 SFS issued their final response to Ms R's complaint which they didn't uphold. In it, they said there was no evidence that any current issues were present or developing at the point of supply.

Having considered all the evidence on file, one of our investigators recommended that Ms R's complaint should be upheld in part. The investigator said they didn't have enough evidence to conclude the car was faulty. However, the investigator found that SFS handling of matters caused distress and inconvenience to Ms R, for example by not responding to her emails for a couple of months when she requested an update on her complaint. So, the investigator recommended that SFS pay Ms R £100 compensation for any distress and inconvenience caused.

Ms R didn't agree with the investigator's assessment and responded to say that the oil warning light was present three months after supply. However, as the investigator's view remained unchanged, Ms R asked that her complaint be referred to an ombudsman for a final decision.

In January 2024, Ms R provided an image of a diagnostic machine showing a fault code relating to an oil level alert B1825

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've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been 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 in order to reach what I think is the right outcome.

Ms R complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Ms R's complaint about SFS. SFS is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods 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 vehicle's history.

My starting point is that SFS supplied Ms R with a used vehicle that had travelled 39,481 miles. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be less than that of a brand-new car with lower mileage; and that there may be signs of wear and tear due to its usage which may impact its overall quality and reliability, so there'd be an increased likelihood of unforeseen problems surfacing sooner than in a new vehicle.

From the information provided I'm not persuaded there is a fault with the car. I acknowledge that in a previous complaint raised with our service in December 2022, the investigator advised there was likely a fault with the car related to oil pressure. This was based on expert evidence, for example a repair invoice and a vehicle recovery report.

However, in this instance I've not seen any evidence from an expert confirming a fault exists. Ms R has provided images of a dashboard warning light which states '*top up engine oil level*', and she has also provided a photo of the fault code machine showing a fault code related to '*oil level fault*' however, without further investigation or commentary from an industry expert I'm not able to say that a fault exists with the car.

Having considered that I'm not satisfied that a fault exists, I not able to say whether the issue Ms R refers to was present or developing when the car was supplied to her.

Ms R says that the issue with the oil was the cause of her initial complaint which led to the car having to be repaired. And that when she collected her car, following repair, she'd not driven it much before the warning light came back on. I recognise that Ms R feels strongly that this is the same issue or that it is a recurring standalone fault that was present soon after the car was supplied to her.

However, Ms R says that following the repairs, she collected the car in February 2023 and the warning light appeared in July 2023. So, there was a period of time where the warning light wasn't showing. In addition, I'm aware that warning lights on a vehicle's dashboard doesn't necessarily mean that a fault exists, but it's typically following further investigation, that any fault or issue would be confirmed. So, I'm of the opinion that if an issue exists, there is a possibility that it may have been caused by something unrelated to the previous repairs.

So, all things considered, and from the evidence provided I'm not persuaded a fault exists which was present or developing at the point of supply and which makes it of unsatisfactory quality.

Ms R has also raised concerns about SFS lack of communication and the way in which they handled the complaint against them. Ms R has said that after receiving an acknowledgement email from them she didn't receive a response. This included when Ms R contacted SFS about being expected to pay the £120 diagnostic fee.

Complaint handling isn't a regulated activity in its own right. Nor is it one of the specified non-regulated activities that I'm able to deal with under our compulsory jurisdiction (DISP Rule 2.3.1R). And so, I'm unable to look into the specifics of this element of Ms R's complaint.

Having said that, I'm in agreement with the investigator that SFS could have handled matters better in relation to how they communicated with Ms R. For example, following her query about the diagnostic fee, Ms R asked for advice on how to proceed. From the system notes provided by SFS, I can't see that they responded to this or to other emails she sent around that time. The system notes are consistent with Ms R's testimony, and neither party had disputed this part of the complaint.

From Ms R's emails with SFS, I'm persuaded she was becoming increasingly frustrated with their lack of contact and would have experienced some distress or inconvenience as a result, and so I think SFS should compensate Ms R for this. And I'm in agreement with the investigator that £100 is fair in the circumstances.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances, for the reasons given in my decision, I uphold this complaint in part and instruct Stellantis Financial Services UK Limited to:

- Pay Ms R £100 in compensation for any distress or inconvenience caused as a result of their lack of communication with her

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 5 August 2024.

Benjamin John
Ombudsman