

The complaint

Mr G complains about the quality of a car supplied to him under a hire purchase agreement (“agreement”) with RCI Financial Services Limited trading as Mobilize Financial Services (“MFS”).

What happened

In January 2022 Mr G entered into an agreement with MFS for a new car costing £29,874. Under the terms of the agreement, everything else being equal, Mr G undertook to pay a deposit of £9,700 followed by 59 monthly payments of £336.23 and 1 monthly payment of £336.43 making a total repayable of £29,874 at an APR of 0%.

Between December 2022 and January 2023 the car failed to start on more than one occasion resulting in it being uplifted, on 19 January 2023, to an approved garage for investigation.

On 29 January 2023 Mr G was provided with a courtesy car whilst the problem/fault with his car was undergoing investigation.

On 1 February 2023 the problem/fault was diagnosed, this being a faulty traction battery.

In or around May 2023 the car was returned to Mr G with a new traction battery having been supplied and fitted.

In early June 2023 Mr G complained about what he understood was a steering fault with the car. This was successfully repaired following the completion of a wheel alignment and recentralising of the steering.

In late June 2023 Mr G complained to MFS that he had lost faith in the car and that he should be able to reject it.

In August 2023 MFS issued Mr G with a final response letter (“FRL”). Under cover of this FRL MFS said that as the car had been successfully repaired it wasn’t prepared to accept rejection of it but for the time taken for repairs to be successfully completed and for any poor service provided it was prepared to refund one monthly agreement payment of £341.22.

Unhappy with MFS’s FRL Mr G refer his complaint to our service.

Mr G’s complaint was considered by one of our investigators who came to the view that having offered £341.22 MFS need do nothing further.

Mr G didn’t agree and so his complaint has been passed to me for review and 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr G was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ("CRA") says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, MFS is responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

So, if I thought the car was faulty when Mr G took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask MFS to put this right.

First I would like to say that I'm not persuaded that the steering issue experienced by Mr G in early June 2023, especially in light of what was required to remedy this issue, made the car of unsatisfactory quality when he took possession of it. In my view this issue is one that drivers normally experience (regardless of the age of their car) simply because of modern day driving conditions, not as a result of an inherent fault with their cars.

I will now turn to the traction battery issue.

As I understand it, it's not disputed there was a problem with the car, nor that this fault was present when the car was supplied to Mr G. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what, if anything, I think MFS should do to put things right.

I acknowledge Mr G might have lost faith in the car but it has been successfully repaired (by a new traction battery being supplied and fitted). And when repairs have been successful, the CRA doesn't allow for the right to reject. So, I won't be asking MFS to allow Mr G to reject the car.

However, like the investigator, I'm of the view that MFS should have to pay Mr G something here by way of compensation.

It's not disputed that for other than 12 days Mr G was provided with a courtesy car whilst his was undergoing repair. So with this in mind I think that MFS should have to pay Mr G £135 being, in round numbers, $\text{£}336.23 \text{ [monthly payment]} / 30 \text{ [days in a month]} \times 12 \text{ days}$.

I also accept that this whole matter has caused Mr G a degree of distress and inconvenience for which he should be fairly and reasonably compensated for. And having considered how long Mr G was without a car (12 days), that he received 'help' from a neighbour whilst he was without a car, the specialist nature of the required repair and how long the car took to be repaired I'm satisfied that a sum in the region of £200 is an appropriate sum for MFS to have to pay Mr G in this respect.

So to fairly and reasonably compensate Mr G I'm of the view that MFS should have to pay him a sum in the region of £335 (£135 plus £200).

What this means is that having offered to pay Mr G £341.22 I see no reason as to why I should direct MFS to do anything other than pay this sum to Mr G.

My final decision

My final decision is that RCI Financial Services Limited trading as Mobilize Financial Services must, to the extent it hasn't done so already, pay Mr G £341.22.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 29 July 2024.

Peter Cook
Ombudsman