

## The complaint

Mr M complains about the quality of a new car he acquired through a hire purchase agreement with FCE Bank Plc trading as Ford Credit ('Ford Credit'). He says that the car has had several faults and so it's not of satisfactory quality. Mr M wanted to reject the vehicle due to these faults.

## What happened

This complaint is about a car that Mr M was supplied with in March 2022 after entering into a hire purchase agreement with Ford Credit. The car was new and had a retail price of £61,500. Mr M paid £21,525 as a deposit meaning £39,975 was financed.

This agreement was to be repaid through 38 monthly instalments of £419.93 (plus a £10 facility fee on the first instalment). And then a final instalment of £27,116. If Mr M made repayments in line with the credit agreement, he would have needed to repay a total of £64,608.34. I understand that Mr M has now sold the car and settled the finance.

Below is a summary of the issues Mr M says he had with the car as well as the investigation and or repair work that has taken place:

- There was a problem with the door latches that was rectified under warranty in November 2023. Mr M had driven the car 12,838 miles at this point.
- Mr M has said he has had intermittent problems with the car's mobile application ('the app'). And this has made charging the car more difficult.
- There were some warning lights showing in the car after the door latches were repaired in 2023. These concerned some safety features such as the reverse brake assist, a cross traffic malfunction and the blind spot information system.
- The car has been recalled due to a problem with the high voltage battery contacts. A first repair was made to this in July 2022 (via a software update). But I understand the car is subject to another recall for the same issue. Mr M says he could not use high voltage chargers due to this.

Mr M complained to Ford Credit in late 2023 saying that the vehicle was faulty and has been back at the dealership a few times since it was purchased. He therefore requested that Ford Credit allow him to reject the vehicle and unwind the finance agreement.

Ford Credit considered this complaint, and partially upheld it. It said that there have been some problems with the car, but they did not think they were sufficient for Mr M to reject it. It offered Mr M £100 for the time he was without the vehicle due to the door problems and a further £100 for any inconvenience he may have suffered due to this.

Mr M didn't agree with this and brought his complaint to the Financial Ombudsman Service.

One of our Investigator's considered the complaint but didn't uphold it. She agreed that the car wasn't of satisfactory quality in respect of the door latches. But these had been repaired. But it wasn't clear what the warning lights led to, and the manufacturer recall was a precautionary measure. She also thought it wasn't clear what the problems with the app

were. She thought the offer of £200 compensation in total that Ford Credit had already offered was fair.

Mr M didn't agree with the Investigator, he said that:

- There was a fault with the car when supplied as the battery contacts are defective. This was unable to be rectified using software and it now needs a new part which may not be available for some time.
- And this fault meant that the car couldn't be fast charged, so it wasn't working as intended.
- Ford Credit's Investigation didn't give him the opportunity to establish the facts to support his claim.

There was some further correspondence, but no new issues were raised. Because Mr M didn't agree, this matter has been passed to me to make a final 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.

In considering what is fair and reasonable, I need to have regard to 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.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Ford Credit is the supplier of the goods under this type of agreement and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account 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 take into account might include things like the age and mileage at the time of sale and the car's history.

The CRA quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

Here, the car was acquired new with a cash price of around £61,500. So, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a second-hand, more road-worn car and that it could be used – free from defects – for a considerable period of time.

### **Were there faults with the car?**

It's reasonable to say that there were faults with the car. And some of these have been rectified. As above there are four main problems that Mr M says he has had with the car.

- A fault with the door latches.

- Dashboard warnings regarding reversing and safety features.
- Issues with the app.
- Manufacturer recalls in relation to the high voltage battery contacts.

Mr M thinks he should have been allowed to reject the car due to these issues. So, I've considered problems with the car and whether Ford Credit did enough to put these right, if it should have done.

### **The door latches**

I agree that the problem with the door latches meant that the car wasn't of satisfactory quality. The CRA says, in essence, that where a car is found to be of unsatisfactory quality outside of the first 30 days a repair is a suitable remedy. And I can see this has already happened. This problem was repaired, and Mr M hasn't said that there have been further problems with the door latches.

And I also agree that the compensation offered for this issue is reasonable. That is £100 for the time that Mr M didn't have the car and £100 for any further inconvenience that this issue had caused him. When saying this I'm bearing in mind that this issue was fixed under warranty and that it isn't one of the main areas of Mr M's complaint. I do accept that he feels that it was one of the reasons the car wasn't of satisfactory quality overall.

### **The warning lights that have been seen on the car**

Mr M has provided photographs of some warning lights that he has seen in the car. Mr M says the warning lights started to appear after the car was returned from the dealership to have the door latches fixed.

As our Investigator said, it looks like Mr M raised this at the time with the dealership and they were looked at. But neither party has provided the outcome of these investigations or said that there were ongoing problems.

Warning lights do appear on cars from time to time to show potential or actual problems. But I think if any underlying issues that these warning lights related to had not been resolved, or there were other related problems with the car over time, then Mr M would have continued to raise this with the dealership. And Mr M has not said that these lights appeared at any other time than when he took the photographs he's supplied.

So, I don't think the appearance of these warning lights is indicative of the car not being of satisfactory quality. It seems to be an issue with the work that was completed on the car doors, and it's now been resolved.

### **The problems Mr M has had with the mobile application**

Mr M has said that sometimes the mobile application provided by the manufacturer has not worked as expected. He says being able to use the app is integral to effectively using the car. And he's said that at times he's had problems syncing the car's app and charging with his electricity supplier's app to allow the car to be charged when there is cheaper electricity available.

But whilst I note what Mr M has said about this, I don't think it's reasonable to say that this is a fault with the car itself. The app might make using the car easier, or add some quality of use features, but it isn't part of the car. And Mr M seems to have been able to charge the car as normal. And he's also said that the app can be reset by the manufacturer when these problems occur.

So like our investigator, I don't think there has been enough provided to say that the actual car itself isn't working as it should be. Or that Mr M hasn't been able to use the car itself as expected due to this issue. Considering all of this, I don't think I can say that any problems that Mr M has had with the app should lead to me saying that the car isn't of satisfactory quality.

### **The manufacturer recalls and battery contacts issue**

Mr M says this is the substantive issue of the complaint. Ford has issued a safety recall in respect of the high voltage battery contacts. There can be a situation when after using high voltage chargers a part of the battery system could fail and the car could either not start, or coast to a stop when driving.

The recall notice in July 2022 explained this, and also said that:

*'We are not aware of any reports of accident or injury related to this condition and it is OK for you to continue to drive your [vehicle].'*

Mr M received a software update in 2022 that was intended to rectify this problem. However, the car manufacturer said in December 2023 that the software update had not entirely rectified the problem and there were some instances where the car would not detect any damage to the battery connectors, and they could still develop a fault.

So, there was still a chance the car could not start or would lose power when driving. It said again there had been a very small number of cases of this happening. I understand it proposed to replace a part of the vehicle electrics to rectify this. However, Mr M said he sold the car before this work was done (after making the purchaser aware of it).

Mr M says that this makes the vehicle of not satisfactory quality. He says it is unsafe and he was told to avoid using fast chargers due to the contacts problem. And this makes the car unusable over longer distances. He said that a vehicle that cannot be safely driven or charged is not of satisfactory quality. Fast charging is integral to the usability of the car and the parts used are clearly not of the requisite quality to make this possible.

I do appreciate why Mr M is concerned about this. But this recall has taken place as the manufacturer has identified the *potential* for future problems, in a small number of cases. I don't think this means that the car he purchased has an actual fault or is unsafe to drive. So, I don't think that this indicates that the car is necessarily defective, rather there is the potential, in a small number of cases, for the car to become defective over time.

Of course, this is something that the manufacturer should take steps to put right, and it will do this. But even though a potential fault has been identified I don't think it's right that Mr M should be able to reject the car due to this. I think the steps the manufacturer proposed to take (the recall) was enough here.

So, I don't think that this means the car is not of satisfactory quality and I don't agree that it should be rejected for this reason.

Mr M is unhappy with how Ford Credit looked at his complaint. But I can't see that it acted outside of the regulations in this respect and in any event Mr M brought his complaint to the Financial Ombudsman Service. So, he has had the opportunity to raise all the issues that he thinks should be considered.

**My final decision**

FCE Bank Plc trading as Ford Credit has already made an offer to pay £200 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that FCE Bank Plc trading as Ford Credit should pay £200. If it has already paid this, it doesn't need to pay it again.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 December 2024.

Andy Burlinson  
**Ombudsman**