

## **The complaint**

Mr N complains about the quality of the car Stellantis Financial Services UK Limited provided credit for him to acquire. Mr N says the car had a fault from the dealership and isn't fit for purpose.

## **What happened**

Mr N entered into a hire purchase agreement with Stellantis to acquire a used car from a dealer. The agreement was arranged through a credit broker.

The cost of the car was £3,800 and the credit agreement provided full finance for the car and so Mr N didn't pay a deposit. The car was about eight years old as it was first registered in 2016 with a mileage of around 139,900 at the point of sale. The agreement was due to last 24 months with monthly payments of £185.55 and was entered into in May 2024.

Mr N says there were a number of concerns he had about the car, some were cosmetic like damage to the boot cover, dents and some were documentary like the absence of the service history – which he said the dealer told him won't impact his warranty. Mr N also had concerns with the air conditioning system which he was assured just needed a gas refill. Mr N says he was told the car didn't have any mechanical faults and it had been recently serviced.

Mr N says on his drive home from collecting the car following the purchase, an engine light came on. Mr N says he wasn't able to return immediately to the dealer due to work commitments. The next day he asked a mechanic to look at the car. Mr N says the mechanic tested the car and said there was an issue with the crankshaft. Mr N then booked a diagnostic test with a garage. The garage's test on 16 May 2024 showed there was a problem with the transmission control module.

Mr N returned the car to the dealer as he said he didn't feel safe in the car. Mr N says when he returned the car, the dealer found the same problem with the car and said it will fix it. But Mr N told the dealer he was exercising his right to reject the car and contacted other relevant parties to inform them.

The broker responded to Mr N's concerns after more than a month after the car had been with the dealer, requesting a diagnostic report on the letter headed paper of a garage. Mr N paid for another diagnostic test which this time, showed no mechanical fault but found a tyre problem. The broker said the dealer has repaired the tyre issue and as there isn't any fault with the car, Mr N can't exercise his right to reject the car.

Stellantis hasn't responded to the substance of Mr N's complaint and when the complaint was referred to the Financial Ombudsman Service, it was looked at by one of our investigators who thought the car was faulty at the time it was sold to Mr N, and he could exercise his right to reject the car and terminate the agreement. Our investigator recommended that the complaint be upheld.

Stellantis didn't respond to the investigator's findings and as the complaint has remained unresolved, it has been passed to me an ombudsman to make a 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 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 N was supplied with a car under a regulated consumer credit agreement which means we're able to look into complaints about it.

Mr N has provided good deal of information, but Stellantis hasn't provided any information regarding the substance of this complaint. I've made my decision based on the available information and as Stellantis has been given multiple opportunities to provide information but has chosen not to, I think it is fair to consider the case based on the information Mr N has supplied. I want to assure the parties, if I don't mention every single point that's been raised, it's not because I haven't thought about it. I have considered everything that's been said and sent to us. However, I'm going to concentrate here on what I consider is key to reaching a fair and reasonable outcome overall.

The heart of Mr N's complaint is that the car was mechanically faulty from the start of the agreement and that this fault makes the car unsafe. Mr N believes he has grounds to exercise his right to reject the car and end the agreement in those circumstances.

So, what I need to decide here is whether the car supplied to Mr N was of satisfactory quality. If I don't think it was, I'll need to think what's fair, if anything, to put things right.

The Consumer Rights Act 2015 ("CRA") covers the agreement in this case and under this agreement, there are implied conditions that the goods supplied will be of satisfactory quality.

Mr N acquired a car that was used – so there would be different expectations compared to a new car. In these circumstances, the car may need maintenance and repair sooner than a newer car. Having said that, the car's condition at the point of supply, should have met the standard a reasonable person would consider satisfactory, taking into account its age, mileage and price. The CRA says the aspects of the quality of the goods includes their general state and condition alongside other things such as their fitness for purpose, appearance and finish, freedom from minor defects, *safety*, and durability.

Mr N has provided dated screenshot of a diagnostic test carried out within five days of buying the car. This test result shows the car had a fault with the transmission module and Mr N was advised to take the car to the main dealer for further diagnosis. In my opinion, this was the likely reason for the light that came on in the car when Mr N was driving the car home from the garage.

I'm satisfied based on the test result Mr N obtained that the car had a fault. I now need to consider whether this fault makes the car of satisfactory quality. I've found Mr N's explanation of events leading to this complaint to be consistent and plausible.

The fault initially found on the car was a gearbox issue and from my investigation, it has the potential to be dangerous and unsafe, so is quite a serious mechanical fault. So, I understand why Mr N didn't continue to use the car.

Mr N said there were a number of other concerns with the car like, the air conditioning system, which he was willing to refill himself. I find it likely that if the only fault with the car was an issue that simply required a change of tyres, as the dealer suggests, Mr N would have repaired that as well.

The finance broker in this case sent Mr N a letter saying a diagnostic test carried out more than a month after he'd returned the car to the dealer, showed there was no fault. I'm not holding Stellantis to what the broker has said here and as stated earlier, Stellantis hasn't provided any in the substance of this case. However, the circumstances around this second diagnostic test raise some concerns. The car had been with the dealer for more than a month, Mr N says on the day he returned the car, the dealer found the same fault with the transmission module. I find this to be plausible as it is reasonable to think the dealer is unlikely to have accepted the car without some evidence of a fault. The car having been with the dealer for a month, would in my opinion make it highly likely that repairs were carried out on the car. So, it is understandable that a diagnostic test carried out after a month may show no fault as this may likely have been cleared and repaired within that time.

While I'm live to the fact the car wasn't new and had travelled a considerable distance, I think Mr N should reasonably have expected the car to be free from mechanical faults in the immediate days after purchase. It should have also been safe to drive. But this wasn't the case as a fault showed up within few hours of him buying the car. There was a significant mechanical fault with the car at the time Mr N bought it and the car wasn't of satisfactory quality.

In light of all this, I'm satisfied that the fault found with the car the day after Mr N acquired the car made it of unsatisfactory quality. Because I don't think the car supplied to Mr N was of satisfactory quality, I've considered what Stellantis need to do to put things right.

Bearing in mind the short period of time between buying the car and the initial diagnostic result, I think it was fair for Mr N to reject the car. I'm satisfied Mr N was entitled to reject the car because he exercised his short term right to reject within 30 days of being supplied the car and he provided evidence to show car was not of satisfactory quality. I'm satisfied that Mr N met the bar to request rejection of the car. So Stellantis should cancel Mr N's hire purchase agreement and collect the car at no further cost to Mr N.

Mr N has had little or no use of the car, so I don't think Stellantis is entitled to retain any of the monthly payments.

Despite Stellantis' lack of response to Mr N, he was told he had to collect the car from the dealer and as he didn't feel safe driving the car, he arranged for a company to collect the car and return it to his house. Mr N had to bear the cost of this as well. This was at a cost of £206. I don't think Mr N should pay this cost as Mr N had fairly exercised his short term right to reject prior to being asked to collect the car. So, I think Stellantis should pay Mr N £206 for the cost of the recovery.

Mr N was made to pay for a second diagnostic test which cost £75, despite the car being with the dealer who likely was able to carry out its own tests. I don't think it was fair or reasonable in the circumstances for Mr N to have paid for a second test. Stellantis contributed £60 towards the test, so I think it should pay Mr N the £15 difference.

Also, the overall handling of Mr N's concerns when raised with Stellantis and how he dealt with several parties, some of which I think he shouldn't have been made to deal with has caused Mr N further trouble and upset. Stellantis needs to put things right.

Mr N wasn't willing to have the car repaired and he has explained that the experience with the dealer made him lose trust and he wasn't willing to take any risks with an unsafe car in the circumstances. Mr N's concerns here are understandable, given that some of the things he's been told about the car didn't turn out to be the case. For example, the lack of the service history had an impact on the warranty, but Mr N says he was told it didn't.

Stellantis considerably delayed in dealing with Mr N's complaint after he returned the car and didn't respond to his complaint or provide any information to the Financial Ombudsman Service to assist the investigation. I think this made an already difficult experience even more difficult for Mr N.

### **Putting things right – what Stellantis needs to do.**

- End the agreement with nothing further to pay.
- Refund Mr N all rental payments he's made.
- Pay Mr N £206 for the recovery costs he incurred.
- Pay Mr N £15, difference for the cost of the second diagnostic test.
- Add 8% simple interest† on any refunds from the date the payments were made to the date of settlement.
- Pay Mr N compensation of £200 for the trouble and upset caused.
- Remove any adverse information about the agreement from Mr N's credit file.

† HM Revenue & Customs requires Stellantis to take off tax from this interest. Stellantis must give Mr N a certificate showing how much tax it has taken off if he asks for one.

### **My final decision**

For the reasons given above, I uphold Mr N's complaint about Stellantis Financial Services UK Limited and direct it to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 December 2024.

Oyetola Oduola  
**Ombudsman**