

The complaint

Mr U complains Volkswagen Financial Services (UK) Limited trading as Porsche Financial Services (VWFS) provided him with a car that he believes wasn't of satisfactory quality.

What happened

In May 2022 Mr U entered into a 48 month car finance agreement for a used car. The car's cash price was £75,000. It was over two years old and it had travelled around 10,800 miles. Mr U was required to pay monthly instalments of around £670.

Within days of acquiring the car, Mr U complained the arm rest was faulty and there was condensation in the rear light unit. The dealership said they weren't able to find the faults reported.

Thereafter, Mr U reported a number of other issues with the car. I won't list them all but in summary, he said:

- An ongoing issue with condensation in the rear light unit;
- Issues with the electrics;
- Engine management lights coming on;
- Faulty parking sensors;
- Issues with the suspension.

Repairs were carried out by the dealership in December 2022, February 2023 and March 2023. This included repairs to the rear unit, suspension, chassis system compressor and parking sensor. Mr U complained he didn't feel safe driving the car and he believes it's dangerous to do so, he wants to reject it.

In summary, VWFS said all faults identified had been repaired under warranty and a courtesy car provided. They said if Mr U wanted to reject the car he would need to speak to the dealership directly. VWFS determined the impacted period of faults started in June 2022 and lasted around nine months so they agreed to refund 20% of the monthly instalments for that time period. They also agreed to pay £200 compensation to Mr U for the trouble and upset caused.

Unhappy with their response, the complaint was referred to our service. The investigator concluded the car wasn't of satisfactory quality at supply but the repairs had fixed the faults. She believed VWFS' offer was fair and enough to put things right.

Mr U disagreed and maintained his position. He commented there had been faults with the electrics on two occasions which hadn't been addressed. He said given the events so far, he has lost trust in the car and believes it's dangerous to drive. He also said he hadn't received any documents or job cards regarding the repairs carried out by the dealership. He doesn't believe VWFS' offer was enough.

As an agreement couldn't be reached, the complaint has been referred to me to decide.

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 decided VWFS has done enough to put things right. I will explain why.

Mr U acquired a car under a regulated credit agreement. VWFS was the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply and the quality of the car.

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. 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 supply, the car's history, safety, durability, etc.

In this case, Mr U acquired a car that was over two years old and had travelled over 10,800 miles. So I think it's fair to say that a reasonable person would expect that parts of the car might have already suffered some wear and tear. However in this case, I consider the car's age and mileage to be relatively low so I've taken this into account when considering this case.

Based on the evidence presented to me, there's no dispute there were faults with the car. This includes faults with the parking sensor, rear light unit and suspension which required repairs. There is insufficient evidence of a fault to the arm rest. Given the age and mileage of the car, I don't find the car was reasonably durable, meaning it wasn't of satisfactory quality at supply. As both parties accept the same, like the investigator I don't find it's necessary for me to provide any further comment about this. What is left for me to decide is whether in light of this, VWFS has done enough to put things right. Having done so, I believe they have.

The CRA says a consumer has 30 days to reject a car that's of unsatisfactory quality (a breach of contract). In this case, there's insufficient evidence Mr U requested to reject the car during that time period, it appears he wanted the car to be repaired. The CRA also says where there has been a breach of contract, the financial firm has one opportunity to put things right. In this case, I can see that's what happened, repairs were carried out by the dealership. I would expect these repairs to be at no cost to the consumer. I note Mr U's comments that initially he was told he would have to pay for some of the repairs but from my understanding these were eventually carried out under warranty at no cost to him.

I recognise there were a number of faults over a period of several months which I don't believe a reasonable person would expect to experience for a car of its price, age and mileage. However I find there's no indication nor evidence the repairs failed. In the absence of any contradictory evidence, I find the repairs fixed the identified faults. I acknowledge Mr U's comments that there were issues related to the electrics. However from my understanding this happened some time ago and since then a number of repairs have been carried out without any further reported issue with the electrics which would suggest the repairs resolved the problem.

So although I appreciate Mr U's strength of feeling about the matter and how he has lost confidence in the car, there is insufficient evidence for me to reasonably say there are outstanding faults with it. Therefore, it wouldn't be fair for me to say VWFS should allow him to reject the car if faults are no longer present.

VWFS have determined the faults that meant the car wasn't of satisfactory quality lasted for around nine months so they've agreed to refund 20% of the monthly instalments paid. This equates to around £1200 which I consider to be a significant amount and a fair resolution to reflect the impaired use. Given the trouble and upset caused including the multiple trips to the dealership, I also consider their offer of £200 compensation to be fair.

In summary, I'm not satisfied the car was of satisfactory quality at supply. However I find the repairs have fixed the faults and there's insufficient evidence issues remain. VWFS has agreed to refund 20% of the monthly instalments for nine months to reflect the impaired use and to pay £200 compensation. Given the circumstances, I consider this to be fair. If they haven't already paid this refund and compensation, I direct them to do so to resolve the complaint.

My final decision

My decision is that Volkswagen Financial Services (UK) Limited trading as Porsche Financial Services should:

- Refund 20% of the nine monthly instalments paid from June 2022 and pay 8% simple interest from the date of each payment until the date of settlement to reflect the impaired use;
- Pay £200 compensation to Mr U for the trouble and upset caused.

*If Volkswagen Financial Services (UK) considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr U how much it's taken off. It should also give Mr U a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 27 November 2023.

Simona Reese
Ombudsman