

The complaint

Mrs K complains that a car she took on hire purchase from Specialist Motor Finance Limited (SMF) was not of satisfactory quality.

What happened

In March 2021 Mrs K entered into a five-year hire purchase agreement with SMF for a used car. The car was a little over five years old and had covered some 73,000 miles. Its cash price was £14,250, and under the agreement Mrs K was to make monthly payments of £364.18.

In August 2021 Mrs K reported that the car was unusually noisy when driven at speed. She said that she had taken the car for an inspection and been told it was unsafe to drive. The dealership agreed to look at the car and, having done so, replaced a suspension component at no cost to Mrs K.

This did not fully resolve the issue, however, and Mrs K told SMF that she wanted to reject the car. SMF asked Mrs K to obtain a diagnostic report, which she did. That report suggested that the tyres be replaced, although it did not identify the source of the noise.

SMF therefore arranged a further inspection and report. That inspection included a road test, which confirmed that the noise could be heard at speeds above about 60mph. The inspector thought however that it was unlikely to be linked to the car's suspension but that it might be caused by a wheel bearing or part of the car's anti-lock braking system. Either way, the report said, it was a matter of wear and tear – that is, it was something that might be expected in a car of this age and mileage. The report also concluded that the car was safe to drive.

Relying on the results of the independent inspection, SMF concluded that Mrs K had no grounds to reject the car. Together with the dealership, it did however offer to accept its return (with nothing more to pay on either side) or to contribute towards the cost of repairs. Mrs K decided to return the car to the dealership. She thought however that the five monthly payments she had made by that point should be returned. SMF did not agree.

Mrs K referred the case to this service. Our investigator did not recommend that SMF do any more to resolve her complaint. She thought that the independent inspection had shown that the car had been of satisfactory quality at the point of delivery. The offer to take back the car had therefore been reasonable in the circumstances.

Mrs K did not accept the investigator's preliminary conclusions and asked that an ombudsman review the case.

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.

The hire purchase contract was to be read as including a term that the car would be of satisfactory quality. That means the quality a reasonable person would expect in the circumstances – including its age, price and mileage. In this case the car was more than five years with a high mileage for its age. It was therefore to be expected that it might need some work over the hire purchase period and that it might even develop significant faults.

Mrs K says that she was told that the car was unsafe to drive. A further report was unable to identify the source of the noise. The most detailed inspection and report concluded however that the noise was not unusual for a car of similar age and mileage; it was consistent with general wear and tear and did not therefore mean that the car was not of satisfactory quality. In my view, that was the most reliable evidence.

I therefore agree with the investigator's conclusion that the car was of satisfactory quality when it was supplied to Mrs K.

Even if I were to take a different view on that point, however, I think that the dealership and SMF between them have done enough to resolve Mrs K's complaint. She was able to return the car at no additional cost. She had the use of it for several months – covering around 4,000 miles in that time.

My final decision

For these reasons my final decision is that I do not require Specialist Motor Finance Limited to do anything more to resolve Mrs K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 18 May 2022.

Mike Ingram
Ombudsman