

The complaint

Miss S complains that a car acquired with finance from Close Brothers Limited (CB) wasn't of satisfactory quality.

What happened

In September 2020 Miss S was supplied with a car and entered into a conditional sale agreement with CB.

Within the first month of getting the car, Miss S experienced issues relating to the exhaust, the engine management light and the CO2 sensors. The car was returned to the supplying dealer for repairs, but the issues continued.

CB agreed to end the agreement and collect the car. It refunded the deposit and offered compensation.

Miss S remained unhappy and complained to this service. She said the refund and compensation didn't cover the costs she'd incurred because of the issues with the car and the time and stress pursuing her complaint.

Our investigator said she didn't think CB had acted fairly. She said that because the car was of unsatisfactory quality, she thought it was fair that CB should cover the costs of any diagnostic tests which had been completed. The investigator said that CB's offer to refund the deposit and one month's payment was fair, but that interest should be added to these sums.

Miss S didn't agree. She said she thought she should receive more compensation to reflect the financial losses she'd suffered as a result of the issues with the car.

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 Consumer Rights Act 2015 is relevant to this complaint. It says that goods must be of satisfactory quality when supplied. Cars are of satisfactory quality if they are of a standard that a reasonable person would regard as acceptable, taking into account factors such as the age and mileage of the car and the price paid. The legislation says that the quality of the goods includes their general condition, and other things including fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

Based on what I've seen, I'm satisfied that the car supplied to Miss S wasn't of satisfactory quality. CB doesn't dispute this and has accepted rejection. For the purposes of this decision, I've thought about whether the resolution proposed by CB is fair and reasonable.

When a rejection is accepted, I'd generally expect the finance provider to refund any deposit paid, and to refund monthly payments subject to a deduction for usage. In this case, I can see that the car had covered around 80,000 miles at the point of supply. At the time when

CB accepted the rejection, the car had covered around 89,000 miles. Taking this into account, I think CB has acted fairly in deducting one monthly payment for every 10000 miles covered. I'm of the view that the offer to refund the deposit plus one monthly payment is fair in the circumstances. However, I agree with the investigator that interest should be added to the refund of the deposit and the monthly payment.

Miss S has said that she arranged and paid for three diagnostic checks on the car. Because the car was of unsatisfactory quality, I think Miss S should be refunded the costs of any diagnostic checks. However, I've only seen evidence of one diagnostic check which was invoiced at £30. I think it's fair to ask CB to refund the cost of this check, but not for any other checks as these haven't been evidenced.

I've taken into account what Miss S has said about the impact that the issues with the car have had on her daily life, including her ability to visit clients for work. Miss S says she's suffered a financial loss. I appreciate that the issues with the car made it more difficult for Miss S to travel around. I also appreciate that if Miss S was unable to work, this would've reduced her income. This service asked Miss S to provide evidence of her loss of income. However, I haven't seen enough to be able to say that any loss was directly attributable to the issues with the car. So I won't be asking CB to increase its offer of compensation. I think the sum offered is fair.

Putting things right

To put things right, and in addition to what it has already offered to do, CB must refund Miss S the cost of the diagnostic check of £30 and pay interest on all refunds.

My final decision

My final decision is that I uphold the complaint. Close Brothers Limited must:

End the agreement with nothing further to pay

Arrange for the car to be collected at no cost to Miss S

Refund one monthly payment of £92.37

Refund the cost of the diagnostic check of £30

Pay 8% simple interest per annum on all sums refunded from the date of payment to the date of settlement

Pay compensation of £150 for distress and inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 1 June 2022.

Emma Davy
Ombudsman