

The complaint

Mr M complains that a car that was supplied to him under a hire purchase agreement with Startline Motor Finance Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Mr M under a hire purchase agreement with Startline in June 2020. There were some issues with the car's turbo in August 2020 so the car was taken back to the dealer and was repaired. He says that the car was returned to him in October 2020. The car broke down in July 2021 when Mr M was driving it on holiday overseas so he took the car to a manufacturer's dealer which identified some issues with the engine and turbo. Mr M paid for the car to be recovered back to his home and then took the car to another manufacturer's dealer which confirmed that there were issues with the engine.

Mr M complained to Startline about the issues with the car in September 2021. It arranged for the car to be inspected by an independent expert in January 2022 but the battery was exhausted and the bonnet pull was broken so the engineer was unable to carry out an inspection of the engine. Startline said that it hadn't received any evidence to show that the car was faulty when Mr M purchased it so it closed his complaint. Mr M wasn't satisfied with its response so complained to this service.

Our investigator recommended that his complaint should be upheld. She thought that the car wasn't of satisfactory quality when supplied and that it was fair for Mr M to be able to reject it. She recommended that Startline should: end the agreement and collect the car; refund the deposit of £1,000 and Mr M's monthly payments from the date the engine failed, with interest; pay £300 for any trouble and upset caused; and remove any adverse information from Mr M's credit file in relation to the agreement.

Startline has asked for this complaint to be considered by an ombudsman. It has responded to our investigator's recommendations in detail and says, in summary and amongst other things, that:

- the car had travelled around 8,000 miles and, if it had inherent engine issues or the attempted repairs had failed, it's unlikely it would have been able to travel such distances;
- it was Mr M's responsibility to provide evidence that the car was sold with point-of-sale faults or that the repairs had failed; and
- the car's MOT certificate expired in June 2021 so by driving the car Mr M was in breach of his agreement and relevant UK laws and, had the car been through an MOT test, the engine faults could have been identified and potentially rectified before such catastrophic damage was done.

Mr M says that he wants his complaint to end as soon as possible but he paid for the car to be recovered which cost him around £800 and he had to pay about €400 to stay overseas for an extra two days until the manufacturer's dealer was open. He says that the most

important thing is that the breakdown put his family and his life in danger but he wants to finish this as soon as possible in order to buy another 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.

Having done so, I agree with the outcome recommended by our investigator for these reasons:

- Startline, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr M - whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it;
- the car that was supplied to Mr M was about four years old and had a price of £18,980 – it passed an MOT test in June 2020 when its mileage was recorded as 39,734 miles;
- satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will also depend on a number of factors;
- Mr M says that there were some issues with the car's turbo in August 2020 so the car was taken back to the dealer and it was repaired but wasn't returned to him until October 2020 – he's provided an invoice from October 2020 for repairs to the car totalling £2,733.43 which included the cost of a new turbo and was paid by the dealer;
- the car's mileage is shown on the invoice as 42,627 miles so, since the June 2020 MOT test, the car had been driven for about 3,000 miles;
- the car broke down in July 2021 and it's mileage when it broke down was 47,927 miles – so in the time since the turbo had been replaced the car had been driven for about 5,000 miles;
- the car was taken to an overseas manufacturer's dealer in July 2021 after it had broken down and to another manufacturer's dealer in September and November 2021 and the job sheets say: *"Metal chips in the engine oil and oil filter - turbocharger shaft loose/has too much play, probably damage to the turbocharger, possible engine failure"*; *"internal failure in engine"*; *"damaged crankshaft bearings, metal files in oil"*; and *"requires new engine"*;
- Mr M complained to Startline about the issues with the car in September 2021 and it arranged for the car to be inspected by an independent expert in January 2022 - but the inspection report says that the car's battery was exhausted and the bonnet pull was broken so the engineer was unable to carry out an inspection of the engine;
- I consider that the car wasn't of satisfactory quality when it was supplied to Mr M because it required a new turbo about two months later – the car was then repaired and returned to Mr M in October 2020 but broke down in June 2021 and the job sheets refer to issues with the engine, including with the turbo;
- I don't consider that it's reasonable to expect a car of this age and mileage to require a new turbo and a new engine in little more than a year after it was supplied – and I consider it to be more likely than not that the car wasn't properly repaired between August and October 2020 or that the car wasn't as durable as it was reasonable for Mr M to expect it to be;

- Startline says that the car's MOT certificate had expired in June 2021 so when the car broke down in July 2021 Mr M was driving it without a valid MOT certificate and that, if the car had had an MOT test before it broke down, the engine faults could have been identified and potentially rectified before such catastrophic damage was done;
- I'm not persuaded that there's enough evidence to show that an MOT test in June 2021 would have identified the issues with the car's engine that caused it to break-down in July 2021 or that Mr M's failure to have an MOT test on the car in June 2021 causes the remedy that I've set out in this decision to be unfair or unreasonable; and
- I find that it would be fair and reasonable in these circumstances for Startline to allow Mr M to reject the car and to take the other actions described below.

Putting things right

I find that Startline should end the hire purchase agreement and arrange for the car to be collected from Mr M – both at no cost to him. The hire purchase agreement shows that Mr M paid a deposit of £1,000 for the car. I find that it would be fair and reasonable for Startline to refund to Mr M the deposit that he paid for the car, with interest. I find that it should also remove any information about the hire purchase agreement that it's recorded on Mr M's credit file.

Mr M was able to use the car until it broke down in July 2021 (other than the period between August and October 2020 when it was being repaired). Our investigator recommended that Startline should also refund the monthly payments made by Mr M from the date that the engine failed, with interest. Mr M says that he wants this finished as soon as possible and I agree with our investigator's recommendation in these circumstances. There are other costs for which Mr M might also be entitled to compensation but, as he wants this finished as soon as possible, I haven't considered those costs any further.

These events have clearly caused distress and inconvenience for Mr M and he's described the effect of the break-down on him and his family. That must have been a distressing experience for them, for which they have my sympathy. I find that it would also be fair and reasonable for Startline to pay £300 to Mr M to compensate him for the distress and inconvenience that he's been caused.

My final decision

My decision is that I uphold Mr M's complaint and I order Startline Motor Finance Limited to:

1. End the hire purchase agreement and arrange for the car to be collected from Mr M – both at no cost to him.
2. Refund to Mr M the deposit that he paid for the car.
3. Refund to Mr M the monthly payments that he's made under the agreement for the period since the car broke down in July 2021.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Remove any information about the hire purchase agreement that it's recorded on Mr M's credit file.

6. Pay £300 to Mr M to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires Startline to deduct tax from the interest payment referred to at 4 above. Startline must give Mr M a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 August 2022.

Jarrold Hastings
Ombudsman