

## **The complaint**

Mr S is unhappy that a car supplied to him under a hire purchase agreement with Mi Vehicle Finance Limited trading as Mann Island Finance was of an unsatisfactory quality.

## **What happened**

On 19 August 2020, Mr S was supplied with a used car through a hire purchase agreement with Mann Island. The agreement was for £32,730 over 60 months; with 59 monthly repayments of £462.15 and a final payment of £463.15. At the time, the car was six and a half years old and had done 38,500 miles.

Mr S said he found faults with the car shortly after taking possession of it. He said he had to replace the front brake pads and the rear brake pads and discs, change a front tyre, change the oil and oil filter, the engine mounts were leaking and needed to be replaced, the upper and lower front arms needed replacing, and worn suspension components needed to be replaced. He also said the gearbox was faulty. He said all of these happened within two months of getting the car. He said the repairs cost him more than £5,000.

He complained to Mann Island. They said the gearbox had been repaired under warranty and at no cost to Mr S. They said the car had passed an MOT with no advisories before it was supplied. They said the items Mr S claimed he had to replace would've shown up on the MOT.

Our investigator was satisfied that the brake pads, the tyres, the suspension and oil filter were of a satisfactory quality at the point of sale, and that the issues Mr S had were caused by wear and tear. But she was satisfied there was a fault with the gearbox. She said that among other things Mann Island should refund Mr S the repair costs related to the gearbox. She also said they should refund 10% of the monthly payments to reflect Mr S's impaired usage of the car, and pay £225 for the distress and inconvenience she felt he'd been caused.

Mann Island then told us that Mr S had only made one payment towards the agreement. Our investigator then informed Mr S that she'd reconsidered. She said that she didn't think it was fair to ask Mann Island to pay anything more, because he'd paid £465 to Mann Island, but he owed more than £5,000 under the agreement.

Because the amount he should've paid was more than the repair costs he'd paid, and because they'd already paid him £225 in compensation, she didn't think it was reasonable to ask Mann Island to pay him any more redress. Mann Island agreed not to pursue Mr S for the amounts outstanding under the agreement, effectively treating the amounts he paid for the repairs to cover the 8,000 miles usage he'd had.

Mr S didn't agree, so this matter has been passed to me to make a final 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.

Having done so, I have reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

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 S was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

The Consumer Rights Act 2015 (CRA) says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Mann Island are responsible. What's satisfactory is determined by what a reasonable person would consider satisfactory given the price, description and other relevant circumstances.

#### *Brakes, tyres, suspension and oil filter*

Brakes are a key component and provide a vital function. So it's important that they are of a satisfactory quality. It's for this reason that they are included in the MOT test. An MOT test was done in August 2020, just before Mr S acquired the car. It passed the test and there were no "advisories". I would've expected to have seen an advisory report if any of the brake pads or discs were close to the legal minimum.

I've also seen the pre-delivery inspection report from the supplying dealer that shows the front and rear pads and discs were at 90%.

Based on the MOT test, and the documentation provided at the time of sale, I'm satisfied that the brakes would have been of satisfactory quality at the time of sale.

The tyres would also have been checked at the MOT. Like the brakes, the MOT didn't report these as coming close to the end of their legal life. And the pre-delivery inspection report shows all four tyres being well above the legal minimum.

So for the same reason as the brakes, I'm satisfied the tyres were of a satisfactory quality at the time of the sale.

The vehicle Inspection reported dated 22 September 2020 check form submitted by Mr S shows issues with the suspension. The report advises the replacement of the "*worn suspension components*". I'm satisfied the issues with the suspension were due to wear and tear, as the report highlighted, and not present at the time of sale.

Mr S supplied an invoice showing the replacement of the oil filter in September 2020. At this point the car had travelled more than 1,300 miles since Mr S acquired it. The manufacturers' report shows no issues with the oil, so I'm satisfied that the replacement was more than likely due to wear and tear.

So I won't be asking Mann Island to take any action in relation to these parts.

#### *Gearbox*

The gearbox did have issues. These were repaired in September 2020 under the warranty provided to Mr S. He complained again about the gearbox in November 2020. And it required another repair by a main dealer in July 2021. I satisfied that the first repair didn't work – this is because further faults arose that required another repair.

The CRA says that the car can be rejected if the repair failed. I don't think that's reasonable here, as further repairs were done, and the fault was fixed. So I think that it's reasonable that Mann Island pay for the repairs that Mr S had to pay for.

### **Putting things right**

It would appear that the gearbox wasn't performing as it should have been until July 2021. So I would normally say that he should be refunded 10% of the monthly premiums he's paid to reflect the impaired usage he's had.

I would also normally state here the amounts he paid for the repairs to the gearbox, and instruct Mann Island to pay the total amount to Mr S.

And I understand this has been stressful time for Mr S. And I agree that an award of £225 would be a fair reflection of the distress and inconvenience this matter has caused him.

But Mr S only paid one monthly payment towards the agreement. He made one payment of £465, when he should have paid more than £5,000. He's also driven the car for more than 8,000 miles in the period.

Mann Island have said they are willing to write off the outstanding amount Mr S owes on the agreement, and not pursue him for the debt. Effectively setting off the redress I would normally have awarded.

I think that is a fair and reasonable way to settle this matter.

So, Mann Island should end the agreement with nothing further for Mr S to pay.

### **My final decision**

For the reasons explained, I uphold Mr S's complaint. Mann Island Financial Services (GB) Limited must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 August 2022.

Gordon Ramsay  
**Ombudsman**