

The complaint

Mr A complains about a car supplied under a hire purchase agreement provided by Blue Motor Finance Ltd ('BMF').

What happened

On 28 December 2021 Mr A acquired a used car from a dealer. He paid a £1,000 deposit and covered the remaining balance with a hire purchase agreement from BMF. The car cost £13,900, had covered around 58,687 miles and was around six years old.

Shortly after getting the car Mr A says he noticed various problems with it. He said it was making a cracking noise, the air con was on all the time, there were warning lights for the tyres on the dash, there was metal in the 12V charging port, the stop/start function wasn't working and it was using too much fuel.

On 7 January 2022 Mr A says he returned the car to the dealer and left it there. He says he let it know about the faults and told it he didn't want the car anymore. And he complained to BMF on the same day and said he no longer wanted the car.

The dealer produced a 'customer care report' on 13 January 2022 that went through the issues reported. It identified issues with a knocking noise, the 12V socket not working, boot trim covers being loose and the stop/start function not working. It said it couldn't find the other issues Mr A had reported. The issues were corrected by the dealer and it offered Mr A an extended warranty and £50.

In March 2022 BMF issued a final response to Mr A's complaint. It said, in summary, that the issues were minor wear and tear and would be expected for the age and mileage of Mr A's car. It said he needed to collect the car from the dealer and didn't uphold his complaint.

Mr A then referred his complaint to our service. And on 26 March 2022 Mr A collected the car.

Our investigator upheld the complaint. She said, in summary, that she thought the car had faults with the knocking noise, the 12V socket and the stop/start function. She said she thought the issues with the knocking and stop/start meant the car wasn't of satisfactory quality. She said Mr A had exercised his short term right to reject the car and so he should now be allowed to do so. She said he'd been without the car for around eleven weeks while it was with the dealer, so his repayments from that time should be reimbursed. And she said Mr A should be given £100 to reflect the distress and inconvenience caused.

BMF disagreed. It said the issues were not faults with the car, and no repairs were needed, only "*serviceable adjustments*". It said Mr A could've broken the 12V socket himself. And it said the stop/start function is not a critical part of the car.

Our investigator replied and said she thought "*serviceable adjustments*" was another way of saying repairs. So she said this didn't change her opinion.

BMF continued to disagree. It said no parts needed replacing and none of the issues meant that the car was unusable, illegal or wouldn't have passed an MOT. So, the case has now been passed 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 think this complaint should be upheld. I'll explain why.

Mr A complains about the quality of a car supplied under a hire purchase agreement. Entering into regulated consumer credit contracts like this is a regulated activity, so I'm satisfied I can consider Mr A's complaint against BMF.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – BMF here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description.

So, I'll consider that Mr A's car was used, was around six years old and had covered over 58,000 miles. So, I don't think a reasonable person would expect the car to have been in as good condition as a newer, less road-worn model. But, that being said, I also need to consider that the car cost nearly £14,000. So, I think a reasonable person would've expected it to have been free from anything other than minor faults and would've expected trouble free motoring for some time.

So, what I need to consider here is whether the car was of satisfactory quality or not when it was supplied to Mr A.

I appreciate Mr A has said various things were wrong with the car, and several issues have been commented on by the dealer and BMF. But, I'm going to focus here on what I think are the key points.

It doesn't seem in dispute here that the car had several issues with it. Having considered the 'customer care report' along with what Mr A said, I'm satisfied the car was making a knocking noise from the suspension, the stop start function wasn't working and the 12V socket wasn't working when Mr A acquired the car.

BMF have pointed out that these issues didn't mean the car wouldn't have passed an MOT and didn't mean the car was illegal or unusable. But, these aren't the tests I need to consider here and aren't a benchmark for satisfactory quality.

Thinking about all of this, I'm satisfied a reasonable person would not have expected a car costing nearly £14,000 to have a knocking noise when driving, for the stop/start function not to work nor for the 12V socket to be inoperable.

Given how quickly Mr A complained, I'm satisfied all of these issues were present when he got the car. It follows I'm satisfied the car wasn't of satisfactory quality when it was supplied.

I've considered that BMF said the issues weren't faults, as parts didn't need to be replaced. But I don't agree with this. What was required to repair the faults doesn't change the fact the

faults were present. And I'm satisfied the 'serviceable adjustments' it describes were repairs. I also haven't seen any evidence to suggest Mr A damaged the car himself as BMF said.

It's important to note here that Mr A has been consistent in saying he told the dealer and BMF that he wanted to reject the car and didn't authorise any repairs. I'm also satisfied this was the case. Given this was within 30 days of acquiring the car, and I'm satisfied the car was not of satisfactory quality when it was supplied, I'm satisfied Mr A had the short term right to reject the car under the CRA and BMF should've allowed this.

Given Mr A has said he still isn't happy with the car and doesn't want it, I'm satisfied it's fair and reasonable he is now still allowed to reject it.

I should also note at this point that I was disappointed to see, according to its notes, that initially BMF correctly agreed Mr A had the short term right to reject the car when it reviewed the 'customer care report'. But, it then changed its stance after the dealer disagreed. I would politely remind BMF that it is it, not the dealer, that is responsible here.

Mr A was without the car from when he took it to the dealer on 7 January 2022 until he collected it on 26 March 2022. So I think all repayments made towards the agreement from this time should be reimbursed. It appears he has had use of the car since then.

I also agree with our investigator here that Mr A has suffered distress and inconvenience because of what went wrong. He's had to return and collect the car from the dealer and arrange alternative transport when he didn't have the car. I agree £100 is fair and reasonable to reflect what happened here. To be clear, this is in addition to the £50 offered by the dealer.

My final decision

My final decision is that I uphold this complaint. I instruct Blue Motor Finance Ltd to put things right by doing the following:

- Collect the car at no cost to Mr A at a time and date suitable for him
- Cancel the agreement with nothing further to pay
- Reimburse Mr A's deposit of £1,000
- Reimburse Mr A prorated repayments from 7 January 2022 to 26 March 2022
- Pay Mr A £100 to reflect the distress and inconvenience caused
- Remove any adverse information from Mr A's credit file in relation to this agreement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 August 2022.

John Bower
Ombudsman