

The complaint

Miss J and Mrs J complain about the quality of a vehicle they acquired through a hire purchase agreement financed by Mann Island Finance Limited (Mann Island).

The complaint is brought by Miss J with Mrs J's agreement. For ease of reading, I'll refer to Miss J throughout my decision.

What happened

In December 2020 Miss J acquired a used car through a hire purchase agreement.

In January 2021 Miss J experienced a problem with the driver restraint system, and repairs were completed by the dealership, covered by a warranty.

In February 2021 Miss J experienced problems with the headlight aim control, and repairs were completed by the dealership, covered by a warranty.

In May 2021 Miss J experienced a further problem and a repair was completed to the drop links, covered by a warranty.

Due to the problems experienced with the car, Miss J decided to have a vehicle health check completed. The report from this check concluded that the vehicle had previously been involved in a major accident and had been written off. It said the repair work had been carried out poorly, and not by the vehicle manufacturer.

In July 2021 Miss J complained to Mann Island about the quality of the car. Mann Island arranged for an inspection of the vehicle, which was completed in October 2021.

The inspection concluded that the vehicle has been involved in both a front and rear end collision and repaired to a very poor standard, but it wasn't unsafe. It identified 18 issues with the vehicle. The engineer said the repairs didn't look very old, but they couldn't be more precise than that.

Mann Island sent Miss J their final response to her complaint in November 2021. They said the inspection report didn't find any evidence that the faults were present at the point of sale, and there were no issues identified on the MOT or periodic maintenance inspection completed prior to the sale of the vehicle, so they didn't uphold Miss J's complaint.

Unhappy with this, Miss J brought her complaint to this service for investigation. She said the car failed its MOT in November 2020 due to the headlight aim, and then passed, but repairs didn't appear to have been completed. Miss J said the damage confirmed in the engineer's report matched that found in the MOT, and the damage she had repaired in January and February 2021, showing the damage was present before the car was acquired. Miss J said she hadn't been involved in an accident.

Our investigator gave her view that she thought it was highly unlikely Miss J had been involved in a major accident and had extensive repairs carried out across the entire vehicle

when considering the timeframe and the various appointments with mechanics she had for repairs.

Our investigator said the inspection was completed less than a year after the vehicle was required, so the conclusion that the repairs were completed recently wasn't enough to say that they were done after the vehicle was acquired. She concluded that, on the balance of probabilities, the vehicle was faulty when it was supplied to Miss J.

Our investigator went on to say that she thought this made the vehicle of unsatisfactory quality at the time it was supplied, as she didn't think a reasonable person would expect such extensive damage that had been poorly repaired, even on a car of this age and mileage.

Our investigator recommended that Miss J be allowed her final right to reject the vehicle, with the finance agreement being ended and the vehicle collected at no further cost to Miss J. She recommended that Mann Island refund Miss J's deposit plus interest, refund 50% of the monthly payments made toward the agreement to reflect the use Miss J had of the car plus interest, waive any arrears and remove any adverse information from Miss J's credit file.

Mann Island accepted our investigators recommendations, but said they'd inspect the vehicle when it was collected and there may be charges applied for damage sustained whilst it was in Miss J's possession.

Mann Island collected the vehicle in April 2022 and provided an estimate for repairs to Miss J totalling £5,010. They said they were charging for damage found when the vehicle was collected as follows:

- New front bumper
- New passenger side headlight
- New crash bar
- New top front bumper grill
- New pedestrian sensor
- Front panel plastic membrane
- Passenger side wheel arch
- From the bar sponge
- New plug and screw
- Plastic vent
- Bottom bumper grill
- Parking sensor x2
- Refurbish alloy wheels
- Spray work to the front and back bumpers, front and back wing, bonnet, and boot lid

Miss J complained that Mann Island were charging for damage that was present when the car was supplied, and that negative information had been recorded on her credit file about a missed payment after she'd been told she could cancel her direct debit.

Our investigator asked Mann Island to review the damage charges, with her recommendations that they had accepted, in mind. That is, that Mann Island had agreed to the rejection of the vehicle due to it being of unsatisfactory quality at the time of supply as a result of a previous accident.

Mann Island said they'd reduce the damage charge to £3,000 following further inspection of the vehicle. They said the remaining charge was for new damage to the front of the vehicle.

Our investigator gave her view that the damage noted when the vehicle was collected matched that noted when it was inspected in October 2021, and her recommendation remained the same that this damage was present at the point of sale, and so Miss J shouldn't be charged for it.

Mann Island said the pictures of the damage at collection were clearly different from those at the inspection in October 2021, and so it was fair for Miss J to be charged for the additional damage caused.

Miss J said the repairs to the damage present when the car was acquired were so poor, that this has resulted in deterioration to the paintwork, rather than it being new damage.

As an agreement can't be reached, the case has been passed to me for a 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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Mann Island as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

Mann Island have accepted that Miss J's car wasn't of satisfactory quality at the time it was supplied, and that she is entitled to her final right to reject the car. They accepted our investigators recommendations to refund Miss J's deposit and 50% of her monthly payments plus interest, waive any arrears on Miss J's account, and remove any adverse information from her credit file. I think these recommendations were fair and reasonable, and they're no longer in dispute between the parties. So, I haven't considered these points further, but for the avoidance of doubt I've included them in my decision as the full range of actions haven't yet been completed.

Mann Island said they'd inspect the vehicle when it was collected and would charge Miss J for any damage caused whilst she was in possession of the vehicle. Once the vehicle had been inspected, they initially charged her £5,010, but then reduced this to £3,000. They said the charge reflected damage to the front of the vehicle that wasn't noted in previous inspections, and so must've been caused whilst Miss J had the vehicle.

I've seen the inspection reports completed in May 2021 and October 2021, along with the MOT and periodic maintenance inspection completed prior to Miss J acquiring the vehicle.

The periodic maintenance inspection completed in November 2020 noted that the offside headlight aim needed readjusting, and the MOT completed in November 2020 also noted that the offside front headlamp aim was too low.

I've seen evidence that Miss J experienced a fault in the vehicle relating to the headlight aim control in February 2021.

The inspection completed in October 2021 noted a number of areas of damage to both the front and rear of the vehicle, including to the front bumper and bonnet, and front wings. It concluded that the vehicle has been involved in both a front and rear end collision and repaired to a very poor standard.

The damage that Mann Island have charged Miss J for following collection of the vehicle include the same areas as addressed in the inspection report completed in October 2021.

Mann Island say the photos clearly show additional damage to that found at the inspection in October 2021. I've reviewed the images, and alongside the conclusions that the previous repairs to this damage had been completed poorly, I'm satisfied that the images show a deterioration of damage already present, rather than new damage to the car.

So, all things considered, I'm satisfied that the damage found at collection of the vehicle has previously been reported and is the same as the damage that made the vehicle of unsatisfactory quality at the time it was supplied to Miss J, and so Mann Island should remove the charge for this.

Putting things right

Mann Island have accepted the rejection of Miss J's car and collected it from her. There should be no further charge to Miss J. The charge for damage should be removed, as I'm satisfied that it was present when the car was supplied to Miss J.

Mann Island should refund Miss J's deposit, plus 8% simple interest.

Mann Island have accepted that Miss J had reduced use of the vehicle and have agreed to refund 50% of the monthly payments she made, plus 8% simple interest. I think this is fair in the circumstances.

Mann Island have agreed to waive any arrears under Miss J's agreement and remove any adverse information from her credit file. I think this is fair in the circumstances.

My final decision

My final decision is that I uphold this complaint, and Mann Island Finance Limited must:

- End the agreement at no further cost to Miss and Mrs J including removing the charge for damage made after the vehicle was collected.
- Refund Miss and Mrs J's deposit of £4,000 plus 8% simple yearly interest from the date of payment to the date of settlement
- Refund 50% of the 15 monthly payments Miss and Mrs J made, at a total of £2,634.60 plus 8% simple yearly interest from the date of payment to the date of settlement
- Waive any outstanding arrears on Miss and Mrs J's account.
- Remove any adverse information from Miss and Mrs J's credit file.

If Mann Island considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss and Mrs J how much it's taken off. It should also give Miss and Mrs J a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J and Mrs J to accept or reject my decision before 12 April 2023.

Zoe Merriman
Ombudsman