

The complaint

Mr F complains about the quality of a car he has been financing through an agreement with Ald Automotive Limited ("Ald").

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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.

I know it will disappoint Ald, but I agree with the investigator's opinion. Please let me explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr F acquired his car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The relevant law is the Consumer Rights Act (2015). That says, amongst other things, that the car should have been of satisfactory quality when supplied. If it wasn't then Ald, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Mr F. The car here was about three years old and had already completed about 44,000 miles so I think a reasonable person would expect it to have some wear and tear.

The investigator has suggested that there's been a failed repair here and that the turbo failure and diesel particulate filter problems are interrelated. It seems clear that the turbo repair wasn't successful as the garage have explained they believe fragments from the turbo have contaminated the engine and led to its failure. But the turbo did fail after Mr F had been in possession of the car for about two years and if its failure was induced by problems with the exhaust system, and/or diesel particulate filter, Ald have suggested the fault would have been apparent earlier. I've considered whether to ask Mr F to obtain an independent

engineer's view of the issue so that we can identify when the fault was likely to have occurred and whether it was developing when Mr F took receipt of the car – the point at which Ald are responsible for its quality.

But here I don't think it's necessary to obtain further expert evidence. That's because the relevant legislation says that when we think about whether a car has been of satisfactory quality we should also consider if it has been durable; and here I'm not persuaded that has been the case. In June 2022 after Mr F had covered just 10,000 or so miles in the car, a garage report confirmed the car now needs a new engine and that the repair will cost in the region of £15,000.

I don't think a reasonable person would expect to have to replace an engine on a car after only 55,000 miles and I don't therefore think it is fair to suggest this car has therefore been durable. Mr F has provided the servicing records to show he serviced the car within the manufacturer's recommended intervals so I don't think there's evidence the engine failed because of anything Mr F did wrong.

In those circumstances Ald should support the rejection of the car. I can see they have offered some assistance to Mr F, but I don't think they've gone far enough.

Putting things right

Ald should collect the car at no cost to Mr F and they should end the finance agreement.

They'll need to refund any deposit Mr F has paid and, as he's been deprived of that money, they will need to add interest to that refund.

Mr F understandably stopped using the car on 14 March 2022 when the issues were identified and Ald should therefore refund any finance instalments paid since then as he's not had use of the car. Mr F did, however, have reasonable use of the car prior to 14 March 2022 and Ald should therefore retain payments made prior to that date.

Mr F has explained that he to pay for a report into the car's condition and that whilst he expected that cost to be refunded by a care policy he has; it hasn't been yet. I've considered whether to ask Ald to refund that cost as it wouldn't have been refunded had the car been of satisfactory quality. But as Mr F has clearly already made a claim under his care policy and don't think it would be reasonable to ask Ald to refund it as well.

Mr B has been inconvenienced by these issues. He's had to take the car back to the dealership on several occasions and he's had to stop using the car and find alternative means of transport. He's also had to escalate his complaint to this service when I think it could have been resolved earlier. In those circumstances Ald should pay him £300 compensation for the distress and inconvenience he's experienced.

My final decision

For the reasons I've given above I uphold this complaint and tell Ald Automotive Limited to:

- Collect the car at no cost to Mr F and end the finance agreement.
- Refund Mr F's deposit and add 8% simple interest per year from the date of payment to the date of settlement.
- Refund all finance instalments paid by Mr F since he stopped using the car on 14 March 2022. Add 8% simple interest per year from the date of payment to the date of

settlement.

- Pay Mr F £300 to compensate him for the distress and inconvenience caused.
- Remove any adverse reports they may have made to Mr F's credit file in relation to this issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 26 September 2022.

Phillip McMahon
Ombudsman