

The complaint

Mr F complains that a used car he acquired with finance provided by Oodle Financial Services Limited was of unsatisfactory quality.

What happened

Mr F got the car in January 2021 with a hire purchase agreement from Oodle. He says multiple issues and recurring engine managements lights (EMLs) appeared within a few months. He contacted the supplying dealership when the car broke down and the dealer suggested he bring the car back for a check. Mr F was unable to arrange for the car to be transported to the dealership – which was some distance away - and he feels the dealer didn't do much to help.

Mr F asked an acquaintance who worked at a garage (that I'll refer to as P) to take a look at the car. P ran diagnostic checks and carried out some repairs in April and May 2021 but problems persisted. The car broke down in June 2021 and had to be recovered to a third party garage (that I'll call C) where detailed checks revealed that repairs totalling over £5,000 were needed. Mr F complained to Oodle and an independent engineer was appointed to inspect the car the same month.

The expert found faults present but he didn't think they would have been there when Mr F got the car. Mr F thought the expert had failed to consider all the evidence and he asked Oodle to organise another inspection. Oodle said it would contact the expert but no additional expert evidence was obtained. And Oodle wrote to Mr F in August 2021 to say it wasn't liable for the repairs – given the expert's findings. Mr F couldn't afford to pay for the repairs and he told Oodle he was struggling to meet the repayments - he had problems getting to work without the car. Oodle offered to make a goodwill contribution towards the cost but considered the estimate provided (which included new parts) was unreasonable. It suggested Mr F should obtain alternative quotes and also informed him about a process known as voluntary termination (VT).

Mr F was worried the car was unsafe. He thought it was wrong to repair it with used and felt he had no option except to VT the finance. Oodle took the car back and sold it for about £7,000 leaving Mr F liable to pay over £6,700 - under the terms of the HPA. Mr F thinks that's unfair in the circumstances. He wants Oodle to acknowledge that it was liable for what went wrong with the car and waive the outstanding balance.

One of our investigators considered the evidence. He thought it was likely the repairs Mr F paid P for in April and May 2021 were due to faults present at the point of supply. He recommended Oodle should refund the associated cost (£560) and pay £100 compensation for the distress and inconvenience Mr F experienced as a result. The investigator wasn't persuaded that the faults identified by the expert in June 2021 were present at the outset - based on the distance travelled after supply and the expert's conclusions. He thought Mr F had had fair use of the car and it wouldn't be reasonable to ask Oodle to do anything further.

Oodle accepted the investigator's recommendations and agreed to make the refund and pay compensation. Mr F asked for an ombudsman to review the matter. He said (in summary) he

had significant problems with the car within a few months and relatively little use – he wasn't able to take his family out in it for even a day. He thinks he was left with no choice except to VT – when he didn't want to, as he really liked the car - and it is unfair that Oodle expects him to pay nearly £7,000.

Having considered the available evidence, I was minded to uphold the complaint. I thought it was fair to give the parties the chance to see my provisional findings and make further submissions (if they wanted to) before I made my final decision. So, I issued a provisional decision on 26 July 2022. I've set out below what I decided provisionally - and why. This forms part of my final decision.

My provisional decision

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr F brings his complaint to our service because Oodle supplied this car under a HPA. And I'm satisfied that Oodle was obliged, under the Consumer Rights Act 2015 (CRA), to ensure (among other things) that the car was of satisfactory quality when Mr F got it.

What amounts to "satisfactory" quality will vary depending on individual circumstances. The quality of goods includes their general state and condition as well as other things like fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability. And goods need to meet the standard that a reasonable person would consider "satisfactory".

In the case of a used car, it's generally reasonable to take the age, cost and mileage at the point of supply into account. The car Mr F got here was around four years old, cost just over £9,000 and had around 70,000 miles on the clock. As such, I think a reasonable person would accept that it was likely to have some parts that were worn and would need replacing or repairing sooner or later – which is reflected in the lower price paid compared to the price of a brand new vehicle. But, I'm satisfied Mr F had a reasonable expectation that the car would be fairly durable – taking its age, cost and mileage into account.

I've reviewed the evidence to see what went wrong with the car and when. I can see Mr F complained initially that a warning light for the parking assistant system came on when starting the car but went off again and the car had cut out with an EML illuminated. I've seen an invoice, dated 2 April 2021, from P (at 73,287 miles) which says the wiring harness had failed and repairs were undertaken to fit camshaft sensor wiring that cost £285. P saw the car again in May (at 75,654 miles) in order to check an AdBlue warning on the dash and other fault codes. P found a Nox sensor fault stored but the AdBlue level and pump were OK. P reset the AdBlue level and the ECU and cleared the fault codes but the issue recurred. P inspected the wiring harness and found a poor connection to the ECU. The fault was cleared temporarily but P recommended that a new wiring harness was needed. P also investigated the parking assist problem and repaired wiring to the front left sensor which fixed this issue at a cost of £275.

The car broke down in June 2021 and it was recovered to a third party (VAT registered) garage (that I'll call C). I've seen paperwork from C dated 10 June 2021. This says the AdBlue warning was illuminated although the tank level was full (which is perhaps not surprising as Mr F told Oodle he topped it up in May). C considered the engine wiring harness was in a state of disrepair with poor contacts and corrosion at ECU plugs. C noted this had been repaired previously and considered a further repair would be unsafe so a new

harness was needed. C also found excessive pollution and said the car was unsafe, unfit for purpose and unroadworthy in its present state. C recommended repairs estimated to cost over £5,300 which included fitting a new ECU unit, wiring harness, Nox sensor and AdBlue tank and pump.

Expert evidence

On 26 June 2021 the independent expert checked the car (at 76,245 miles). He thought the DPF filter was approaching the point where it needed cleaning and regenerating. I accept a DPF is subject to wear and usually lasts between 70,000 and 90,000 miles but I'm not certain it's that straightforward here. I say this because the expert went on to find a fault with the AdBlue system (as detailed below). I'm not a mechanic but I'm aware that the AdBlue system assists the DPF to clear carbon deposits and regenerate, reducing harmful emissions. I think the issue with the AdBlue was likely present for a while - Mr F told Oodle the relevant light kept illuminating even after he topped up the tank. And, if there's a problem with the AdBlue, it can mean the DPF has more to do which may, in turn, have a detrimental impact on the DPF itself.

I'm satisfied the expert found the AdBlue/UREA warning light was still illuminated when he inspected the car. He considered "this is a common issue in this particular model of vehicle and is normally associated with the UREA sensor within the AdBlue tank being faulty. In this particular model of vehicle you cannot replace the sensor and it requires the AdBlue tank to be replaced."

I appreciate the expert went on to say the AdBlue issue probably developed after supply due to normal wear and tear and this would not be considered unusual in a car of this age and mileage. But, I find this conclusion seems inconsistent with his confirmation that this was a "common" issue for this particular model and it was due to a faulty sensor. I think that suggests the problem was not caused by routine wear and tear in a service item but resulted from a known manufacturing issue for this model – which would have been present when Mr F got the car.

I think this probably made the car less durable than it should have been and I'm minded to find it was of unsatisfactory quality when it was supplied. Even if I'm wrong about that however, I think the expert failed to address other faults that were present at the relevant time such - as issues with the wiring harness. I can see the expert confirmed that he saw "two invoices from different repairers" but I'm not certain which ones exactly. He said the paperwork "detailed repairs to the electrical systems which include having the ECU checked, which appear to have found no fault. The invoices also stated that there was a loose wire within the fuse box, and there was a fault to the parking system which has been rectified none of which are related to the current issues". I think he's probably referring to P's May invoice and C's June report – as he couldn't have seen detailed repair estimate C provided which is dated after the inspection.

I find it difficult to see why the expert concluded that the third party garages found no fault with the electrical systems - when P and C both refer to significant electrical faults and recommend the wiring harness (and other parts) should be replaced. I accept the wiring harness can degrade with age but I consider it would have been reasonable for the expert to address this and, if he thought the problem was wear and tear related, he could have said so. I find the expert's report is somewhat limited and inconsistent in parts. I think it would have been reasonable for Oodle to ask the expert to address this – given the evidence from P and C.

It looks as if Mr F had concerns about the expert's report as well. He told Oodle the expert said he was unable to see some documents properly and Mr F wanted the expert to

comment further - on the paperwork from C specifically. Oodle indicated (in early August) that it would contact the expert. It looks as if there was some mis-communication around this time however and Oodle paid Mr F £50 for poor customer service. I've seen nothing else from the expert - who doesn't appear to have been asked for any sort of supplementary report. I note our investigator asked Oodle to consider arranging a second inspection as well – in light of C's evidence – but the car had already been sold at that point.

Weighing up everything I've seen, I'm satisfied the car had a fault with the AdBlue system. On balance, I'm minded to find it's more likely than not this was due to a manufacturing issue - not wear and tear - and the defect was present (along with several others) when Mr F got the car. I don't think a reasonable person would expect to have to pay for such significant repairs so soon after supply - even in a used car of this age, price and mileage. And I'm inclined to find this car wasn't sufficiently durable and it was of unsatisfactory quality when it was supplied.

Putting things right

I'm satisfied the car had already been repaired more than once due to faults that were present at the outset by June 2021. I think Mr F would probably have been entitled to reject the car at that point, albeit he would likely have accepted further repairs if Oodle had offered that remedy at the time.

The car's been sold now and further repairs aren't possible. So, I'm minded to find it's fair and reasonable for Oodle to remove the outstanding balance and report the HPA as settled on Mr F's credit file. And, if Oodle has recorded any adverse information Mr F's credit file, I think that should be removed as well.

According to the sale invoice and the finance paperwork, no deposit was paid under the HPA. I can see Oodle has already agreed to refund £560 for diagnostic and repair costs incurred in April and May 2021 and I think that's fair.

Mr F says he was deprived of some use of the car - in that he would have used it more than he did if these issues hadn't been present. I can't be certain about that on the current evidence. I think it's reasonable to look at the mileage covered during the time Mr F had the car – which is around 6,000 miles over six months – as the investigator said. But, I'm satisfied Mr F also told Oodle he stopped using the car in or around July 2021. He said he stopped the insurance, declared it SORN and he had to hire a car for a family holiday (in the UK) in August 2021.

I can see there was 76,267 miles on the clock when the car was collected – which is only about 20 miles more than the mileage at the expert's inspection in June. And, on balance, I think it's likely Mr F stopped using the car in July 2021. Given he'd been told by C that the car was unroadworthy, I think that's understandable. And I'm minded to find it fair that Oodle should refund any monthly payments made from July 2021.

I think Mr F probably experienced some distress and inconvenience as a result of being supplied with this faulty car. I can see he was put to some time and trouble - taking it to various garages for investigations and repairs, for example. And it was probably worrying and stressful to find the car had faults present. It looks as if Oodle has paid Mr F £50 compensation already and, taking everything into account, I think the additional £100 compensation the investigator recommended sounds fair.

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 invited the parties to consider my provisional findings above and let me have any further comments and/or new evidence by 16 August 2022. Mr F accepted my provisional conclusions. Oodle asked for more time and I extended the time for responses by one week, to 23 August 2022. Oodle hasn't made any further comments or provided new information - or asked for a further extension.

I don't think it's fair to expect Mr F to wait any longer for a decision in the circumstances and I see no reasonable grounds to depart from my provisional conclusions. For the reasons I've given, I remain of the view it's more likely than not this car was insufficiently durable and of unsatisfactory quality when it was supplied. And I find it is fair and reasonable for Oodle to take the steps set out to put things right.

My final decision

My decision is I uphold this complaint and require Oodle Financial Services Limited to:-

1. clear the outstanding balance and report the HPA as settled on Mr F's credit file;
2. refund £560 for repairs and diagnostic reports Mr F paid for (as set out above) along with any monthly payments made from July 2021;
3. pay interest on the above refunds at 8% simple a year from the date of payment to the date of settlement;
4. pay Mr F £100 compensation for distress and inconvenience; and
5. remove any adverse information recorded about the HPA from Mr F's credit file.

If Oodle considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr F how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 28 September 2022.

Claire Jackson
Ombudsman