

The complaint

Mr G complains about the quality of a car supplied to him under a hire purchase agreement with Blue Motor Finance Ltd, trading as Blue Motor Finance ("BMF").

What happened

On 11 November 2021 Mr G entered a hire purchase agreement with BMF for a van. It was just over eight years old and was documented as having covered 87,600 miles. The cash price was £7,475. Mr G says he saw the van advertised online. I've seen a copy of the advert, which said:

"...van with 5 seats in fabntastic condition, presented with a full service history, 2 keys, side loading and rear doors, air conditioning, steering wheel functions, remote central locking, Bluetooth hands free, AUX/USB input, this is a great combi van."

The dealer agreed to deliver the van on 16 November 2021 for Mr G to inspect and accept – and Mr G agreed to pay their delivery charge. But he says he was at work when it arrived, because the driver didn't call ahead to say what time he'd get there. Mr G says the keys were posted through his letterbox.

Mr G says he came home to discover there was damage to the vehicle's key, windscreen, tail-light and seatbelt cover - and it had already travelled almost 90,000 miles. He says he tried to contact the dealer several times by phone and email to resolve these issues, but he didn't receive any response.

Mr G says that in December 2021, when he went to refill the screen wash, he found the bonnet couldn't be opened without force. He says he then discovered damage to the bodywork and bumper, which had been covered with silver tape and paint. He believed this to be an attempt to cover up damage caused by a significant impact from a collision.

Mr G emailed the dealer on 11 December 2021 to let them know about the further issues he'd discovered - and that he'd be contacting BMF about getting the vehicle returned. He also complained to BMF, who advised him to get a report on the damage.

Mr G took the van to a local garage for an inspection. The mechanic provided a document saying there was *"clear accident/impact damage to the vehicle"*, which included *"Damage to bumper and Crash barrier behind bumper"*.

Mr G says he stopped driving the van in January 2022, because he was concerned about its safety. He says he couldn't do this until he'd sourced another vehicle from a separate finance company, which had a significant impact on his monthly budget.

BMF sent a final letter of response to Mr G on 7 February 2022, saying they hadn't upheld his complaint. They said that, as he'd travelled 4,000 miles in the van, they'd need confirmation that the issues he'd raised were present when it was supplied. They said they considered the issues he'd raised to be cosmetic wear and tear – and he'd had the opportunity to inspect the van when it was delivered.

Our investigator looked into what had happened. She didn't think the van was of satisfactory quality when it was supplied to Mr G – and she felt he'd been misled by the advert. She said she hadn't seen any evidence showing the mileage when the van was delivered, so she couldn't confirm whether Mr G had previously been given incorrect information about this.

The investigator wasn't persuaded that the dealer had made any error with the delivery, but she felt BMF should cover that cost as they'd supplied an unsatisfactory vehicle. She said BMF should also:

- end the agreement and collect the van with nothing further for Mr G to pay,
- refund 20% of the monthly payments Mr G had made between October and December 2021 to compensate him for loss of enjoyment of the van,
- return the monthly payments Mr G had made from January 2022 onwards, when he stopped using the van,
- pay 8% simple interest on all refunded amounts, from the date of payments until the date of settlement.

BMF said the advert hadn't described the van as being in fantastic condition, because that description referred specifically to the seats. They said Mr G had covered more than 2,600 miles in the first month - double the standard monthly mileage – and that they hadn't seen evidence confirming the issues were present when the van was supplied.

But our investigator said her view hadn't changed. She thought most customers would read the advert description as referring to the van. She didn't think it was unexpected for Mr G to cover a large mileage in a short space of time because he used the van for work. She said she thought the tape that had been applied to the bonnet and bumper damage appeared old, and that this damage was much more likely to have been present at the point of supply.

BMF asked for an ombudsman to review the case. They said the dealer had confirmed Mr G inspected the van before deciding to enter into the agreement - and that it had been MOT tested before it was delivered to him. They felt this showed it was fit for purpose at the time. They said the dealer tried numerous times to contact Mr G regarding the delivery charge he owes them, at which point any issues could also have been discussed. They said he'd ignored these calls.

My provisional decision

I issued a provisional decision, saying:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr G's complaint is about a vehicle supplied under a hire purchase agreement. Entering into consumer credit contracts like this as a lender is a regulated activity. So, I'm satisfied I can look into Mr G's concerns about 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 says under a contract to supply goods, the supplier – BMF in this case – has a responsibility to make sure the goods are of satisfactory quality. The standard that's applied is whether a reasonable person would consider the quality of the goods to be satisfactory, taking into account the description, price and all the other relevant circumstances.

In this case, I consider it relevant to take into account the fact that the van was just over eight years old. There's some dispute over the odometer reading at the time of supply, but

the van had covered at least 87,600 miles. The price was £7,475, which represents a significant reduction on what it would have cost new. I don't think a reasonable person would have the same standards for this vehicle as they would a newer one with less mileage.

I also consider the description of the van to be very relevant here. I've seen a copy of the advert, which states "...van with 5 seats in fantastic condition". BMF say this referred specifically to the seats – not the whole van. I'm not persuaded of this.

I think the average consumer would take this description to mean the van was in fantastic condition. And I consider the photos in the advert to support that description. I say this because, although they showed some wear and tear to the internal loading area, none of the photos showed any signs of damage to the external bodywork.

Having reviewed the advert, I'm satisfied that a reasonable person would expect the van to be in fantastic condition, taking into account its age, mileage, and price.

BMF don't dispute that there are now problems with the van. But they say the problems Mr G reported to them are either cosmetic or occurred after it was delivered.

Mr G has provided photos and videos of the van, some of which also show the metadata from the phone that was used. I've reviewed these images, alongside a copy of the document Mr G obtained from the mechanic, to consider the likely condition of the van when it was supplied. Where the evidence is incomplete or contradictory, I've considered what's most likely to have happened.

Mileage

I've seen no supporting evidence to confirm the odometer reading when the van was delivered. So, I can't be sure whether there was an error on the documents Mr G received, which recorded the mileage as 87,600.

But in any event, I don't consider this point to make any difference to the outcome of this case. I say this because, even if I were to accept that Mr G was given documents showing less miles than the van had in fact travelled, I'm not persuaded this had any impact on him. I don't think he would have made a different decision about entering into the agreement if those documents said the van had covered 90,000 miles.

Tail-light

Mr G has provided photos and video footage showing a problem with the tail-light fixing, allowing the whole unit to move from its normal secured position. I can see there's a problem with this tail-light.

I've seen evidence showing some of these photos were taken on 17 November 2021 - the day after the van was delivered to Mr G. And I've seen no evidence of any external damage to that area of the vehicle, which might suggest it had suffered an impact since delivery. So, I consider it most likely that the tail-light problem was present when the van was supplied.

Damage to the front of the vehicle

I've reviewed the document Mr G obtained from the mechanic, dated 21 December 2021. It states:

"... we have noted clear accident/impact damage to the vehicle including but not limited to the following items;

- Bonnet out of alignment
- Damage to bumper and crash barrier behind bumper”.

I've seen photos taken on 11 December 2021 – less than four weeks after the van was delivered. These photos clearly show a crack in the front bumper, and another crack in the bodywork under the bonnet, near the headlight. I can see some silver tape, which is still in place at the end of the cracks. I note Mr G says he peeled some tape away to reveal the damage. I've seen further photos taken on the same day, showing misaligned bodywork, and a crack in one of the headlights.

There's some dispute from the parties as to when Mr G first raised a complaint about these issues. BMF have put forward evidence from the dealer saying Mr G ignored their attempts to contact him and didn't return their calls. Mr G has provided copies of emails he sent to the dealer on 17 November 2021, 21 November 2021, and 11 December 2021. He says the dealer didn't respond.

It isn't disputed that Mr G first contacted BMF on 11 December 2021 – the same day the photos of the damage to the front of the van were taken. So, I'm satisfied that Mr G raised a complaint and evidenced the quality of this vehicle less than four weeks after it was delivered.

And I'm not persuaded that the damage I've seen is something that happened within four weeks of those photos being taken. I find it most likely that the damage to the front of the van happened some time ago. I say this because I consider the silver covering that's been applied to be showing signs of age.

BMF have pointed out that the van has travelled around 4,000 miles since they supplied it. But I don't consider the mileage covered to be relevant here, because my decision is based on the apparent age of the damage and materials used to cover it.

I've seen conflicting evidence as to whether Mr G inspected the vehicle before he signed the agreement. But that doesn't affect my decision, because Mr G told us the damage to the front of the van had been concealed. And having carefully examined the photos included in the advert, I haven't seen any obvious sign of damage to the bodywork that I'd have expected him to notice. Mr G says he only noticed the damage when he opened the bonnet to top up the screen wash, which seems reasonable to me.

BMF say the van passed an MOT test before it was delivered – and this shows it was fit for purpose. I've accessed the MOT history, which is available to view online. This shows the most recent test took place on 28 July 2021. An MOT test can only look at the condition of the vehicle on the day of the test. So, I'm not persuaded that this gives any kind of assurance as to the condition of the van three and a half months later, when it was supplied to Mr G.

Was the car of satisfactory quality when it was supplied?

I'm satisfied that there were issues with the tail-light and damage to the front of the van, which were most likely to have been present when it was supplied to Mr G. And, given the description in the advert, I think he was reasonably entitled to expect this van to be in fantastic condition.

Mr G also complained about issues with the key, windscreen, dashboard display and seatbelt cover. I've seen less information about these problems and whether they were present when the vehicle was supplied. But I don't find it necessary to consider each of

these other issues in detail because they don't change the outcome - or what I think is fair and reasonable to put things right.

Regardless of whether there were also problems with the key, windscreen, dashboard display and seatbelt cover, I don't consider this van to have been of satisfactory quality when it was supplied.

Delivery

I appreciate Mr G feels very strongly that the delivery driver should have called to say what time he'd be arriving. I've seen a copy of a statement from the driver, saying he did call ahead – and that the keys were left with a lady who was home at the time.

I don't know what happened here. But as I don't consider the van to have been of satisfactory quality when it was supplied to Mr G, it follows that I don't think he should have to pay the delivery charge.

Putting things right

I think the van should be rejected. This means the agreement will end and BMF should arrange for the van to be collected, at no further cost to Mr G.

Mr G explained that he had to use the van for work, despite the problems with it. He accepts he had two months' use of the van - and I think it's fair for him to pay for that. But I've seen it wasn't fault-free during that period. To compensate him for that, I think it's fair for BMF to refund him 20% of the payments he made during the period he was using the van.

Mr G has told us he stopped using this van once he'd secured an agreement for another vehicle. I've seen that he signed the new agreement on 19 January 2021. So, I think it's fair for BMF to refund the payments he's made under this hire purchase agreement since that date in full.

I think Mr G has been caused additional stress and inconvenience as a result of being supplied with a van that wasn't of satisfactory quality. I think it would be upsetting to discover signs that it had previously been involved in an accident. Mr G had to get a mechanic's report on the damage and source another vehicle to use for work. He's told us his wages now barely cover his household bills, which I think would be stressful for him. I think BMF should also pay Mr G £200 to compensate him for this.

For the reasons I've explained, I intend to uphold this complaint and direct Blue Motor Finance Ltd to:

- *End the finance agreement at no further cost to Mr G,*
- *Collect the van, settling any outstanding delivery charge owed, at no cost to Mr G,*
- *Refund 20% of the payments Mr G made for the period up to 19 January 2021,*
- *Refund all payments Mr G has made for the period after 19 January 2021,*
- *Pay Mr G interest on each of the refunded payments, calculated from the date of payment until the date of settlement at 8% simple per year,*
- *Pay Mr G £200 compensation for the distress and inconvenience he's been caused.*

If BMF consider tax should be deducted from the interest element of the award, they should provide Mr G with a tax deduction certificate so he can reclaim the tax, if he's eligible.

I invited both parties to send me any further information or comments they'd like me to consider.

Responses to my provisional decision

Mr G said he fully understood and accepted everything I'd said in my provisional decision and had nothing further to add.

BMF didn't respond.

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.

As no new information has been provided in response to my provisional findings, I see no reason to depart from them.

My final decision

For the reasons I explained in my provisional decision, I uphold this complaint and direct Blue Motor Finance Ltd to:

- End the finance agreement at no further cost to Mr G,
- Collect the van, settling any outstanding delivery charge owed, at no cost to Mr G,
- Refund 20% of the payments Mr G made for the period up to 19 January 2021,
- Refund all payments Mr G has made for the period after 19 January 2021,
- Pay Mr G interest on each of the refunded payments, calculated from the date of payment until the date of settlement at 8% simple per year,
- Pay Mr G £200 compensation for the distress and inconvenience he's been caused.

If BMF consider tax should be deducted from the interest element of the award, they should provide Mr G with a tax deduction certificate so he can reclaim the tax, if he's eligible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 October 2022.

Corinne Brown
Ombudsman