

## The complaint

Miss G complains that the car she acquired through a hire purchase agreement with Toyota Financial Services (UK) PLC (TFS) wasn't of satisfactory quality.

## What happened

Miss G entered into a hire purchase agreement with TFS in June 2021 to acquire a used car. In April 2022 the car broke down. The car was recovered to a garage and inspected. It was found that there were bolts missing from the transmission box resulting in the gear box oil leaking. The garage said that had the car been checked at the point of sale, this problem would not have arisen.

The garage carried out initial repairs- replacing the bolts, seals and adding new transmission oil – but it said the missing bolts had caused more problems with the gear box. The garage estimated the cost of repair could be between £2,000 and £3,000. Miss G raised a complaint with TFS saying that it should cover the cost of the repairs.

TFS issued its final response letter in July 2022. It noted the time that had passed between Miss G acquiring the car and the break down and also the checks that had been undertaken before the car was supplied. TFS had an independent inspection carried out which concluded that the car wouldn't have been able to cover the mileage it had before the issue arose had the bolts been missing and an oil leak present at the point of supply. Based on this TFS didn't uphold the complaint.

Miss G didn't agree with TFS' outcome and referred her complaint to the Financial Ombudsman Service. Miss G has explained that as the car hasn't been driveable since it broke down she has been caused a great deal of physical, mental and financial stress.

Our investigator upheld this complaint. They thought it more likely than not that the bolts were missing from the transmission when Miss G acquired the car. Given this they thought the car was not of satisfactory quality when supplied and that TFS needed to remedy this. Our investigator thought repair was a reasonable option and recommended that TFS cover the cost of the required repairs as well as refunding Miss G the £450 she had already paid for repairs. Our investigator also noted the Miss G hadn't been able to use the car since it broke down and said that all payments made from 23 April 2022 until the car was repaired should be refunded and that Miss G should be paid £150 compensation for the distress and inconvenience the issue had caused her.

TFS didn't agree with our investigator's view. It noted the view from the independent inspection that *"the vehicle would not likely manage 5000 miles without an oil leak or damage if the bolts were missing from the point of sale"* and said that the bolts may have broken and fallen from the vehicle. TFS said the inspection was undertaken by an inspector with over 25 years' experience and stated clearly whilst they couldn't be sure if the bolts were present at the point of sale, they were confident the vehicle would not have accrued the mileage completed if this issue had been there from the point of sale.

## **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.

Miss G acquired a car under a hire purchase agreement. Under the relevant regulations, specifically the Consumer Rights Act, the car needed to be of satisfactory quality at the point of supply. Satisfactory quality takes into account factors such as the age and mileage of the car. In this case Miss G's car was around seven years old and had been driven over 42,000 miles at the time of acquisition. Given this it would be reasonable to expect it to have suffered some wear and tear. That said, the car still needed to be sufficiently durable, and I have considered whether the issues that caused the car to break down were the result of faults present at supply or ongoing wear and tear.

Miss G's car broke down around 10 months after she had acquired it. During this period, she had been able to drive around 5,000 miles. In circumstances such as this it is reasonable that TFS would require Miss G to provide evidence to show the faults were present from the point of supply before accepting any liability. In this case, Miss G provided evidence from the garage where her car was recovered to following the break down.

I have read the report by the garage, and this states that bolts were missing from the transmission box such that only one bolt remained. The report further states that the missing bolts would have been identified had they been checked before the car was supplied. The garage states the oil leak was due to the missing bolts and that this in turn had caused further issues with the transmission.

The report from the garage sets out the faults with the car which caused the break down and suggests these were present from the point of supply. However, given when the break down occurred I do not find it unreasonable that TFS felt further investigation was needed to establish whether it was liable.

TFS arranged for an independent inspection to take place. This happened in July 2022. Prior to this inspection occurring, Miss G had the garage undertake initial repairs. It may have been easier to assess the car had these repairs not taken place, but I note that Miss G has explained that she contacted the dealer when the car was at the garage and despite it saying it would inspect the car this didn't happen. As the car was necessary for Miss G's transport, I cannot say she did anything wrong by having the initial repairs undertaken. Unfortunately, while undertaking the repairs, the garage identified further issues linked to the transmission box that it estimated could result in repair costs of £2,000 to £3,000.

The independent inspection said that the transmission bolts appeared to have been re-fitted. It carried out diagnostics and found that there were two active fault codes. These related to the transmission control system and pressure control solenoid. Based on the evidence provided I find it clear that the car wasn't free from faults. However, the issue is whether the faults – specifically the missing bolts that resulted in the oil leak and transmission issues – were present at the point of supply.

The independent inspection report said that as the transmission bolts had been replaced it wasn't possible to say whether these bolts were missing at the point of sale. It further noted that the repairer had said there were no bolts on the undertray when this was removed and that had the bolts just fallen out then it would be expected to see some signs of the old bolts. While I note the comment TFS has said about the bolts not being caught by the undertray, I think this comment in the inspection report does suggest that it was unlikely that bolts had fallen out. As Miss G has confirmed she hadn't had any work undertaken between acquiring the car and it breaking down there is nothing to suggest these bolts would have been

removed post acquisition.

I note the evidence that has been provided about the checks that were undertaken before the car was supplied and the replacement parts provided and also the date of the MOT and that this didn't mention any advisories. However, having looked through the checks and work undertaken and while I note there is mention of the gear box oil and filter there is nothing to confirm that the bolts were checked.

In the conclusion to the independent inspection report it said that *'The vehicle has covered 5000 miles since purchase 10 month ago and it would be unlikely that the vehicle would have covered that distance had the bolts being missing altogether and oil leak been present at the point of sale.'* I note why TFS believes this means the issue wasn't present at the point of supply. However, based on the other evidence provided, it isn't suggested that all bolts were missing, rather that only one remained. Therefore, the oil leak that resulted from the missing bolts would likely have developed over time and so I do not find that this statement is enough to say for certain that bolts weren't missing from the transmission when the car was supplied.

On balance, I think the evidence suggests it is more likely than not that there were bolts missing from Miss G's car's transmission at the point of supply. Because of this I do not find the car was of satisfactory quality at supply and so I am upholding this complaint.

The fault that was present at the point of supply has been said to have caused the oil to leak and further issues with the transmission. Miss G has spent £450 on repairs which I think should be refunded along with interest from the date of payment to the date of settlement. However, the repairs undertaken didn't resolve the issues. Therefore, I find the fair outcome to this complaint is for TFS to cover the cost of the repairs to Miss G's car needed as a result of the issues with the bolts missing from the transmission and loss of oil.

Miss G hasn't been able to drive the car since 23 April 2022 and so I do not find that she should be liable for any payments from that time to the point of the car being repaired. Any payments she has made should be refunded along with interest.

Miss G has explained the stress this issue has caused her and the inconvenience that she has suffered. Because of this I agree with our investigator that she should be paid £150 compensation.

### **Putting things right**

Toyota Financial Services (UK) PLC should:

1. carry out full diagnostics to identify the issues with the transmission / gear box and carry out any necessary repairs at no cost to Miss G.
2. refund Miss G any rental payments made since 23 April 2022 up to the date the car is repaired and returned to Miss G.
3. refund Miss G £450 for the repairs already undertaken.
4. pay 8% simple yearly interest on items 2 and 3 above from the date of payment until the date of settlement.
5. pay a further amount of £150 for any distress or inconvenience that's been caused due to the faulty goods.

6. remove any adverse information from the customer's credit file in relation to the agreement.

**My final decision**

My final decision is that I uphold this complaint. Toyota Financial Services (UK) PLC should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 19 April 2023.

Jane Archer  
**Ombudsman**