

## **The complaint**

Miss W complains about the quality of a car she had on finance with Go Car Credit Limited.

## **What happened**

In October 2021 Miss W entered a hire purchase agreement with Go Car for a used car. The car was around 9 years old and had covered 85,699 miles. The cash price of the car was £5,200, Miss W paid a deposit of £300 and agreed to make 38 monthly instalments of £246.39.

In April 2022 Miss W contacted Go Car to report that following a health check inspection she had been told the car was too unsafe to drive and been quoted repairs of just under £3,500. At the time of the health check the recorded mileage was 93,373. Miss W reported the following faults issues;

- horn failure
- gear stick has excess movement
- rear tyres worn to the cords, illegal to drive
- brake pipes covered in grease, suspected corrosion
- requires rear brake pads and discs
- oil filter issues
- exhaust leaking
- corroded sump plate
- new engine control unit required
- air conditioning requires new condenser

Go Car wanted to arrange an independent inspection and to have the opportunity to let the dealership attempt a right of repair. Miss W was unhappy with this, she had lost confidence in the car and wanted to reject it. She later confirmed to Go Car the approximate mileage was 100,000 miles, so Miss W had managed to cover around 6,500 miles since reporting the faults. Miss W stopped making her monthly instalments and in August 2022 Go Car immobilised the car due to the agreement being in arrears.

Miss W brought her complaint to our service. Our investigator asked her for the current recorded mileage, but Miss W has been unable to provide this as the car no longer starts. The investigator didn't think the car was of satisfactory quality when it was supplied and thought it was fair for Go Car to allow Miss W to reject the car, with nothing further to pay, as it wasn't economical to repair. She recommended Go Car refund Miss W's deposit and remove any adverse information recorded on her credit file.

Miss W disagreed, she thought she should receive compensation and a refund of her monthly instalments. Go Car didn't think there was sufficient evidence the car was faulty at

the point of supply, given Miss W had managed to achieve a lot of mileage before and after reporting the faults.

### **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'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, but because I don't think I need to comment on it in order to reach the right outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

In considering what is fair and reasonable, I've thought about all the evidence and information provided and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement. As such, this service can consider complaints relating to it.

The Consumer Rights Act 2015 (CRA) says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Go Car is responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability.

The CRA also says that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed that the fault was present when the car was supplied, unless Go Car can show otherwise. So, if I thought the car was faulty when Miss W took possession of it, and this made it not of a satisfactory quality, it'd be fair and reasonable to ask Go Car to put this right.

Miss W has provided copies of brake repair invoices from 2019 and 2020. The MOT completed in May 2021 notes that grease is present on the brake pipes. And I think the MOT advisories are consistent with the faults confirmed in April 2022. I've also seen the health check report and watched the video assessment, which notes severe corrosion and leaks, likely to be present for some time. And whilst I accept that Miss W hasn't given Go Car the opportunity to arrange for the car to be inspected to confirm if the faults were present at the point of supply. I'm satisfied from the evidence I've seen that it's more likely than not that the faults, were present or developing at the point of supply.

Just because the faults were present at the point of supply, doesn't automatically mean the car was of unsatisfactory quality when it was supplied. Durability of the car is also part of whether or not goods are considered to be of satisfactory quality. When Miss W took possession of the car, it was more than nine years old and had over 85,000 miles on the clock, and I think a reasonable person would expect there to be some issues with maintenance and repair over time, since components of the car would have been subjected to wear and tear through use. So, unlike a new car, there wouldn't be an expectation that the car was fault free.

So even though several faults here relate to wear and tear components, I don't think a reasonable person would expect to require such substantial repairs and component

replacements amounting to over half the cash price of the car, within just five months of getting a car. So, on this basis I don't think the car was durable, and I think this means the car wasn't of satisfactory quality when it was supplied.

### **Putting things right**

I'm satisfied that the car wasn't of satisfactory quality when it was supplied, and that Go Car needs to do something to put things right. And whilst the CRA gives Go Car one opportunity to repair the car, I don't think that's appropriate here. I say this because the quoted cost of repair is over half the cash price of the car, so I don't think it would be economical for Go Car to now arrange for the repairs. In addition, Miss W has lost confidence in the car and Go Car is aware of her vulnerabilities, in the circumstances, I think it's fair and reasonable for Go Car to now allow Miss W to reject the car and end the agreement, write off the outstanding balance on the account, refund her deposit, along with 8% simple interest per year and remove any adverse entries placed on her credit file.

Miss W says she should be compensated for the distress caused and should also get her monthly instalments refunded. I've taking into account that Miss W managed to complete approximately 14,000 miles from the point of supply, in just five months, which is higher than the average yearly mileage and Miss W continued to benefit from the car, after stopping her monthly instalments. In the circumstances, I think it's fair for Go Car to retain Miss W's monthly instalments.

Whilst I appreciate Miss W has found this stressful and feels she should be compensated for how long this has been ongoing; I think some of Miss W's actions have contributed to this delay as she didn't work with Go Car when it was trying to arrange for the car to be inspected at the garage or when it later wanted to arrange an independent inspection. So, I don't think it would be fair to now require Go Car to pay her any compensation.

I know this decision is likely to be disappointing to Miss W, but this is the final stage of our process, and we are unable to consider this complaint further. Miss W is free to reject my decision and pursue this matter through the courts if she wishes to.

### **My final decision**

My final decision is that I uphold this complaint and I direct Go Car Credit Limited to;

- Arrange for the car to be collected at no cost to Miss W.
- End the agreement and write off Miss W's outstanding account balance.
- Refund Miss W's £300 deposit, along with 8% simple interest per year, from the date of the payment until the date of the refund.
- Remove any adverse entries it has placed on Miss W's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 28 March 2023.

Karen Dennis  
**Ombudsman**