

The complaint

Miss W complains about a car she acquired through a hire purchase agreement with Startline Motor Finance Limited ("Startline") not being of satisfactory quality.

What happened

In April 2022, Miss W acquired a used car through a hire purchase agreement with Startline. The car was about eight years old at the time and the mileage on the car was around 53,000 miles. A deposit of £1,065 was paid and the total amount payable under the agreement was around £7,450. Miss W was required to make 46 monthly repayments of £132.79 and then one final repayment of £142.79.

Shortly after on the 1 June 2022, Miss W's car broke down – Miss W said it wouldn't start and she had to instruct a recovery company to recover her car. Miss W said the car battery was faulty and needed to be replaced. Miss W says she took the car back to the dealership, despite it being an hour and a half drive for her and they replaced the battery free of charge as they recognised Miss W hadn't had the car for very long.

In July 2022, Miss W's car broke down once more and it was recovered again by the recovery company. The company told Miss W that the replacement battery was half the size it needed to be and was a cheap replacement. Miss W has provided evidence of the recovery company's notes when they picked up Miss W's car. The notes say one of the fuses in the engine bay kept blowing and that there was a suspected short on the circuit. When the recovery company took Miss W's car to a nearby garage, they removed the dashboard to try and find what was wrong with the car. Miss W was told the dashboard wasn't clipped together and instead it was glued together.

Miss W says the recovery company contacted the dealership to explain what they found and the dealership said the warranty on the car had run out. The dealership said Miss W could bring the car to them at a cost, despite it being an hour and a half away from her. Miss W said she didn't want to do this as it was too far, so she had the car taken to a local garage who inspected the car and said there was an issue with the fuse box. Miss W was quoted £300 for a new fuse box to be fitted which she agreed to. But despite this, Miss W said the car still wouldn't start which meant the garage weren't able to fix the fault due to the severity of the issue. Miss W says this caused a loss for the garage as they'd ordered in the part to try and fix the issue but weren't able to. Miss W has provided evidence of a note she received from the garage which explained the issue was *"main fuse box in the passenger footwell has burnt out"*.

Miss W said she then complained to the broker of the agreement about the car not starting, and they then contacted the dealership. Miss W says the dealership contacted her once more and said they were happy to take a look at the car, but that Miss W would need to pay to have the car towed and also for the repairs.

Miss W agreed to this and she had the car towed to the dealership which she says cost her £127 – Miss W has provided her bank statement showing she paid this amount in August 2022. Shortly after being inspected, Miss W received a call from the dealership who said

they weren't able to carry out any necessary repairs as Miss W had previously taken the car to another garage for repairs to be done – they considered these to be unauthorised repairs. Unhappy with this, Miss W complained to Startline.

Miss W says despite several chasers, Startline didn't keep her updated with the status of her complaint. Miss W also says the dealership were contacting her, asking her to collect her car from their property. So, Miss W says she paid £130 to have the car towed back to her house on 22 September 2022 - Miss W has also provided us with a bank statement to show she made this payment.

Miss W says she then received a phone call from the broker who said a third-party inspection company was going to have a look at the car and this inspection was completed on 30 September 2022. Miss W didn't receive a copy of the inspection report and instead, received Startline's final response letter responding to her complaint.

Overall, Miss W says she's had to spend about £337 to have the car towed to and from garages and the dealership, despite the car not being fixed. Miss W also says she had to acquire a new car as she needs one for work, but that she had to continue paying for this car under the hire purchase agreement with Startline. Miss W says as a result of switching her car insurance from the faulty car to the new car, she's now having to pay double per month for the insurance policy. Miss W says she couldn't afford to insure both cars, so she decided not to insure the faulty car. As a result, Miss W received a £50 fine for not insuring the car. Miss W says this issue has caused her a lot of stress, upset and also sleepless nights as she has been worried about how this issue would be resolved. Miss W wants to reject the car due to it not being of satisfactory quality, to not make any further repayments and for Startline to refund the monthly repayments she made towards the agreement.

When the complaint came to our service, Startline recognised that the report of the inspection carried out in September 2022 identified an underlying issue with the car which would have likely been present at the point of sale. However, Startline say them nor the dealership were given the opportunity to inspect and rectify the issue. Instead, Startline say unauthorised repairs were carried out by a third party which then failed. So, Startline said they'd consider covering any costs, on a goodwill basis, if Miss W arranged for the repairs to be completed as set out in the inspection report.

Our Investigator looked into Miss W's concerns. In summary, she said the evidence available pointed to issues prior to the supply of the car, which Startline were responsible for. Miss W asked the dealership for help when things went wrong with the car, but she wasn't given this help. So, our Investigator said it wasn't unreasonable for Miss W to take her car to a third-party garage for repairs to be considered. Our Investigator concluded the car wasn't of satisfactory quality. To resolve things, our Investigator considered that Miss W wasn't able to use the car from 17 July 2022 and suggested it was fairer for Miss W to reject the car as she'd requested. Overall, our Investigator recommended Startline:

- end the agreement with nothing further to pay;
- collect the car at no further cost to Miss W (bearing in mind it will need to be towed);
- refund the deposit;
- refund all monthly payments made from 17 July 2022, to cover the ongoing loss of use of the car because of the faults;
- pay a further amount of £150 for the avoidable distress and inconvenience that's been caused due to the faulty goods;
- reimburse Miss W for the insurance and road tax she paid for this car since 17 July

2022;

- reimburse Miss W for the financial losses she has incurred as a result of the car being of unsatisfactory quality upon receipt of evidence, this includes the multiple towing costs and £50 fine; and
- remove any adverse information from Miss W's credit file.

For each payment Startline is either reimbursing or refunding to Miss W, our Investigator recommended they pay 8% simple interest from the date of each payment until the date of settlement. This does not include the £150 compensation payment.

Miss W agreed and provided us with evidence of the losses she suffered which we forwarded on to Startline. Startline didn't say whether they agreed or disagreed with our Investigator's view and instead, said they were going to discuss matters with the introducer. It's not clear who Startline mean by the introducer and we asked Startline to provide any further comments they wanted me to consider by the given deadline. But Startline didn't respond. So, I've gone on to consider this complaint for a final 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.

The agreement in this case is a regulated consumer credit agreement – so we can consider a complaint relating to it. I understand Startline made reference to the brokers' responsibility on more than one occasion. But as Startline are the supplier of the goods under this hire purchase agreement, they're responsible for a complaint about the quality of the goods.

The Consumer Rights Act 2015 is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory". To be considered "satisfactory", the goods would need to 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. So, it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the car's history.

The quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

Startline supplied Miss W with a car that was about eight years old and had travelled around 53,000 miles when it was supplied. The price of the car was lower than it would have been if it had been supplied new. So, with that in mind, I think it's fair to say that a reasonable person would expect that parts of the car might have already suffered wear and tear. And there's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn when it was supplied.

Based on the evidence I have from both parties; it seems likely there was a fault with the car. I say this because the independent report from September 2022 confirmed that the electrical connector terminals of the fuse box were corroded, the electrical pins at the fuse box were also corroded and that this was indicative of long-term water ingress within the fuse box or wiring harness. The report also explains that there were other issues with the car which potentially caused water during heavy rainfall to overflow into the heater box and wiring loom, causing the consequential damage to the internal fuse box. And that this damage most likely caused the non-start fault experienced by Miss W.

As I've already explained why I'm persuaded the car has a fault with it, I've next gone on to consider whether the goods were of satisfactory quality when they were supplied to Miss W.

I note the inspection report refers to long term water ingress which the inspector believed resulted in the fuse box corroding. The report also refers to corrosion resulting in intermittent electrical faults and that the level of corrosion was an issue for several months, which the inspector said should be the responsibility of the sales agent to rectify. Given these findings, and the fact that corrosion itself happens over a period of time, I'm persuaded these issues were present and developing at the point of supply. The issue presented itself shortly after Miss W acquired the car which resulted in Miss W's car breaking down and not being able to start. I don't think a reasonable person would expect this, even having considered the cars' age and mileage. And I don't think the car was particularly durable.

I note Startline said Miss W allowed for an unauthorised repair to be carried out by a third party when they attempted to fit a new fuse box. I appreciate Startline's point, but I think it's reasonable to suggest the issues noted in the inspection report wasn't as a result of the repair attempted by the third-party garage. Startline have also acknowledged themselves that there was an underlying issue that would have likely been present at the point of sale.

I don't think Miss W's actions of instructing a third party to attempt to repair the issue was unreasonable. I say this because when Miss W contacted the dealership to ask them for help, she was told she'd need to incur further costs to get the car to them. Miss W had also said the dealership wasn't local, so it wasn't unreasonable for her to find somewhere more local for the repair. Additionally, the independent report doesn't suggest the repair Miss W had carried out by the third-party garage caused damage or caused the fault to the car. In fact, it suggests the sales agent is responsible for rectifying the issue.

Having carefully considered all of the relevant circumstances, including the price, age and mileage of the car when supplied – and when the fault first happened – I don't think the car was of satisfactory quality at the point of supply. So, with this in mind, Startline need to do something to put things right. Startline have suggested that if Miss W arranged for the repairs to be carried out as detailed in the inspection report, that they'd review the costs incurred on a goodwill basis. However, given Miss W has already acquired a new car as she needs it for work and taking into account the delays and inconvenience that the repairs will cause, I think it's fair for Miss W to reject the car.

I can see that because the car wasn't of satisfactory quality, Miss W wasn't been able to use it from July 2022. So, I think Miss W should get a refund for the payments she made from this date onwards.

Miss W has described the impact all of this has had on her. Miss W has been caused a lot of stress including sleepless nights, worrying about this issue and how it would be resolved. Also, I think Miss W was caused inconvenience as she said she needed to use the car for work, but wasn't able to do this so she bought a new car. Additionally, Miss W said she wasn't kept updated by Startline throughout her complaint and I think it would've caused Miss W to worry even more. I'm sorry to hear about the stress and worry Miss W has been caused. Because Startline supplied Miss W with a car which wasn't of satisfactory quality, I think Miss W has experienced distress and inconvenience as a result of the issue with the car. Overall, having considered the impact of this situation on Miss W, I think it would be fair for Startline to pay her £150 compensation to reflect this.

Other losses incurred

Miss W has told us she incurred other losses as well. These include the cost of having the car towed on more than one occasion, which I think Startline should reimburse Miss W with as she wouldn't have needed to have the car towed if it was of satisfactory quality. Miss W provided us with her bank statements showing the amounts of £127 and the £130 she paid on two occasions, which we forwarded on to Startline.

I also think it's fair for Startline to refund Miss W the cost of insurance and road tax she paid for this car from 17 July 2022 onwards as Miss W wasn't able to use the car.

Miss W has said she was charged a £50 fine from the driver and vehicle licensing agency as a result of not keeping the faulty car insured. Miss W said she was a student at the time, she made the business aware of this when she acquired the car and that she didn't have disposable income because of this. I don't find this to be unreasonable and I'm persuaded by what Miss W has told us. So, for this reason, I think it would be fair and reasonable for Startline to reimburse Miss W of the cost of the £50 fine. Startline have also been provided with a copy of this fine. Lastly, I think it's reasonable for Startline to pay 8% simple interest on these amounts, as outlined below, as they're responsible for Miss W being unfairly deprived of these funds.

Putting things right

In summary, I think Startline should:

- end the agreement with nothing further to pay;
- collect the car at no further cost to Miss W,
- refund the deposit;
- refund the monthly payments Miss W made from 17 July 2022 as she wasn't able to use the car,
- reimburse Miss W for the insurance and road tax she paid for this car from 17 July 2022,
- reimburse Miss W for the other losses she incurred, as outlined above, as a result of the car being of unsatisfactory quality (Startline should review the evidence we forwarded to them from Miss W of these losses).
- Pay 8% simple interest on each payment refunded from the date of each payment until the date of settlement.*
- pay £150 compensation for the distress and inconvenience caused
- remove any adverse information about this agreement from Miss W's credit file.

** If Startline Motor Finance Limited consider that they're required by HM Revenue & Customs to withhold income tax from that interest, they should tell Miss W how much they've taken off. They should also provide Miss W with a tax deduction certificate if she asks for one so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

For reasons explained above, I uphold this complaint and I require Startline Motor Finance Limited to carry out the actions as set out in the 'putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 17 April 2023.

Leanne McEvoy
Ombudsman