

## **The complaint**

Mr T has complained about the quality of a car he acquired using finance from STARTLINE MOTOR FINANCE LIMITED ('Startline')

## **What happened**

In October 2022, Mr T entered into a finance agreement with Startline, for a used car. It was around six years old, and had just under 65,000 miles on the clock.

In November 2022, Mr T contacted Startline, to say the car had developed faults, and a recovery service had needed to attend. He said he wanted to reject the car.

In late January 2023, Startline responded. It said there was no evidence the car was faulty when it was supplied. Mr T then brought his complaint to our service.

One of our investigators looked into what had happened. He noted that Mr T had been supplied with a car that was around six years old and had travelled 64,874 miles when it was supplied. And the price of the car was lower than it would have been if it had been supplied new. So, it would be fair to expect that parts of the car might have already suffered some 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.

Our investigator looked at the report carried out at the request of the supplying dealership, which was conducted in January 2023. This said the issue may be contaminated fuel. However, our investigator was satisfied that no chemical testing was carried out, so there was no evidence to support this theory. Another theory presented was there may be faulty fuel injectors.

Overall, our investigator thought it fair that the car should fairly be rejected. Mr T reported faults within three weeks – and, that Mr T had only been able to drive the car 122 miles between November 2002 and mid-February 2023. So, Mr T should get a refund for the payments he has made during this time – and continues to.

Our investigator also thought it was clear Mr T had suffered considerable stress, including needing medical help. He thought Startline should pay £100 compensation in recognition of this.

Further, Mr T incurred costs of £72 (on 29 November 2022) and £48 (on 14 February 2023), for diagnostic tests. Our investigator thought it fair these be reimbursed, as they flowed from the car being faulty.

Mr T also asked that his car rental costs – for the period he'd hired a car, due to the faults with the financed car – be reimbursed. Specifically, this was the period of 5 November to 17 December 2022. These costs were around double the amount of Mr T's monthly instalments. So, our investigator thought about whether Mr T should be refunded his instalments – or, the hire costs. It wouldn't be fair to have both, as he'd have needed to pay to stay mobile, so it would be one or the other. Overall, he thought it fair to reimburse the hire costs, as he felt Mr

T had been reasonable in incurring these, so shouldn't be out of pocket.

Our investigator could also see that Mr T has suffered distress and inconvenience, and thought £100 compensation was fair to reflect this.

Mr T's complaint was later passed to another investigator at our service. She recommended that Mr T should also be paid for any fee incurred for transferring his insurance to another vehicle (or cancelling it). To be clear, this is the admin fee, not any increase in premiums.

Startline disagreed. It felt that the car rental costs were excessive, and the finance agreement states that Startline won't be responsible for any costs due to the vehicle being offroad, for any reason.

The complaint's now been passed to me to decide.

### **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.

Having done so, I agree the complaint should be upheld, for the reasons our investigators gave. I'll explain why.

On balance, I'm satisfied the car's faulty. Mr T was supplied with the car in the October. By only the beginning of November, he needed to call a breakdown service. The report details:

*"White smoke from exhaust intermittent in the beginning now constant. Smells unburnt diesel/combustion gases. No DTC recorded, visual checks all ok. Garage to investigate, vehicle not able to be driven."*

There was then an inspection later that month, on 29 November, which Mr T paid for. This suggested a fault with the injectors, and raised concerns about the noise from the turbo.

I have seen no evidence whatsoever of mis-fuelling.

Given that these issues happened so soon after Mr T took possession of the car, it seems fair that Startline should show these issues weren't present, or developing, at the point of supply. Or, that they were natural wear and tear, commensurate with the age/mileage of the vehicle. It hasn't provided any persuasive evidence of either of these possibilities.

Accordingly, I'm satisfied, on balance, that Mr T's car wasn't of satisfactory quality at the point of supply, and rejection is reasonable, given how soon the problems manifested. This means a refund of the deposit, plus any negative records of the agreement (if there are any), being removed from his credit file(s).

I agree with our investigator that, instead of receiving a refund of his monthly instalments for the period the car was off the road, it's fairer to award the hire costs. Startline says they are excessive. I disagree. They're very much in line with the market, from standard rental companies. If anything, Mr T mitigated his losses, as it seems his hire car may have been of inferior spec to his financed vehicle.

Startline has also said that its T&Cs don't require it to cover any costs for the car being offroad, for any reason. I disagree that this is the correct position here – either in law or in what is fair or reasonable. To be clear – my finding is that the car was not of satisfactory quality when supplied. So, the remedy is to put Mr T back in the position he'd have been in –

as far as possible – had the agreement never been entered into.

This leads to Mr T's consequential losses. He will need to either cancel his current car insurance, or transfer it to another vehicle. Neither of things would have been necessary, had his initial car been of satisfactory quality. So, upon reasonable proof of Mr T incurring this cost, Startline should reimburse him.

Finally, I've considered the distress and inconvenience caused. It's clear that this has been ongoing and significant. Startline had many opportunities to put things right. I think £200 is reasonable in these circumstances.

### **Putting things right**

To put things right, Startline should:

- accept rejection of the car, and arrange for it to be collected, at no cost to Mr T;
- remove any negative records from Mr T's credit file regarding this agreement (if any), and mark it as settled;
- refund Mr T his deposit in full, adding 8% simple interest a year, from the date of payment to the date of settlement;
- refund Mr T the car rental payments he made, totalling £1,076.54, adding 8% simple interest a year, from the date of each payment to the date of settlement;
- pay Mr T the costs of the diagnostic reports (£72 and £48), from the date of each invoice until the date of settlement;
- pay Mr T £200 for the distress and inconvenience caused; and
- upon reasonable proof of payment, refund Mr T the admin fee incurred for cancelling/amending his car insurance.

### **My final decision**

For the reasons given above, it's my final decision to uphold this complaint. I require STARTLINE MOTOR FINANCE LIMITED to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 30 November 2023.

Elspeth Wood  
**Ombudsman**