

## The complaint

Mr H complains about the level of compensation offered by Close Brothers Limited (“CBL”) after it allowed him to reject a car that he had been supplied with under a conditional sale agreement (“agreement”).

## What happened

In October 2021 Mr H entered into an agreement with CBL for a used car costing £21,998. Under the terms of the agreement, everything else being equal, Mr H undertook to make an advance payment of £8,000 followed by 48 monthly payments of £391.58 – making a total repayable of £26,795.84 at an APR of 16.4% APR. Between October 2021 and January 2023 Mr H made all the agreement payments required of him, £8,000 deposit and 15 monthly payments of £391.58.

Shortly after acquiring the car Mr H identified a number of issues with it which he brought to the attention of the supplying dealership, his warranty company and CBL.

In October 2022, and after Mr H had complained to it, CBL issued Mr H with a final response letter (“FRL”). Under cover of this FRL CBL said it was upholding Mr H’s complaint (about the quality of the car he was supplied with) and that it was prepared to refund him 4 monthly agreement payments totalling £1,566.32 (having previously refunded 5 monthly agreement payments totalling £1,957.90) plus £100 towards a valet and £150 in compensation.

In December 2022, and after Mr H had complained to it again, CBL issued Mr H with a second FRL. Under cover of this FRL CBL said it was upholding Mr H’s complaint (about the quality of the car he was supplied with) and that it was prepared to allow rejection of the car and to refund him 3 monthly agreement payments totalling £1,324.74, his advance payment of £8,000, £538.42 for insurance, £52.50 for road tax and £150.00 in compensation.

In February 2023 Mr H complained to our service. He said that he was looking for CBL (amongst other things) to pay him a further £3,350 in compensation, broken down as follows:

- |                    |        |
|--------------------|--------|
| • car rental costs | £1,000 |
| • inspection costs | £350   |
| • warranty cost    | £2,000 |

In March 2023 Mr H confirmed to our service that CBL had settled the inspection costs he had incurred directly with the inspector(s).

Mr H's complaint was considered by one of our investigators who came to the view that for Mr H having been supplied with a car that wasn't satisfactory quality CBL, by way of further compensation, should remove any adverse information it had recorded with credit reference agencies in respect of the agreement and pay him:

- interest at 8% a year simple on each refund already made (deposit, 5 monthly agreement payments, 4 monthly agreement payments, 3 monthly agreement payments, car insurance and road tax) from the date of payment (by Mr H) to the date of refund (by CBL)
- a further £300 in compensation

However, the investigator said that CBL need not refund to Mr H the cost of his purchased warranty (£2,000) and his car rental costs (£1,000), with reasons for the same given.

Mr H responded to the investigator to say he accepted his view.

CBL responded to the investigator to say that it would ensure any adverse information recorded with credit reference agencies was removed and that Mr H was paid interest on all refunds at 8% simple a year. However, it said it didn't feel it should have to pay anything further in compensation.

The investigator considered CBL's response to his view but wasn't persuaded to change his mind, so Mr H's complaint has been passed to me for review and 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.

I'm satisfied that Mr H was supplied with a car that was of unsatisfactory quality. But as CBL doesn't dispute this I'm satisfied I don't need to explain my reasons for coming to this view except to say they are the same as the investigators and which were shared with the parties in March 2023.

However, although CBL accepts that Mr H was supplied with a car that was of unsatisfactory quality, it doesn't believe it should have to compensate Mr H a further £300.

Mr H says he is happy with what the investigator proposed CBL should have to do to fairly and reasonably compensate him. However, for the sake of completeness and for the avoidance of doubt, I would like to confirm that I'm satisfied (for the same reasons as those shared by the investigator to the parties in March 2023) that CBL need not compensate Mr H for his claimed car rental costs and warranty cost, and it need refund no more than 12 monthly agreement payments to him.

I will now turn to the issue that remains in dispute. And that is whether CBL should pay Mr H a further £300 in compensation, bringing the total in this respect to £600.

I've considered what all the parties have said and submitted on this point. And having done so I can confirm that like the investigator I'm satisfied that CBL should have to pay Mr H a further £300 in compensation, bringing the total in this respect to £600. I'll explain why:

- although Mr H was supplied with a car that was over 13 years old it had only travelled in the region of 50,000 miles, 'cost' him nearly £22,000 and was from a premium manufacturer with a list price, when new, of over £55,000

- based on system notes provided by CML Mr H first raised possible concerns about the quality of the car in early December 2021, only two months or so after he took delivery of it.
- based on system notes provided by CML it took it nearly 9 months for it to issue its first FRL upholding Mr H's complaint and offering compensation
- based on system notes provided by CML it took it nearly 3 months for it to issue its second FRL upholding Mr H's complaint and offering compensation
- Mr H had use of the car for no more than 3 months, with it being in for investigation and repair for about 12
- despite being without the car for about 12 months Mr H still made every agreement payment required of him
- one or more repairs weren't undertaken (at least initially) because the relevant parties concluded (wrongly in my view) they weren't liable to undertake them
- one or more repairs weren't successful
- Mr H had to chase for updates on his complaint on numerous occasions

I would also like to address CBL's submission that an award of £600 isn't in line with previous views and decisions issued by our service or in line with what we say on our website in respect of "*compensation for distress and inconvenience*".

As CBL is aware each case is considered on its own facts and merits, and I'm not bound by what our service may have found in the past on what CBL says are similar complaints. But for the avoidance of doubt, I can confirm that I'm satisfied that our service has made similar awards in similar circumstances in the past.

Furthermore, I'm fully aware of what we say on our website about compensation for distress and inconvenience suffered by consumers. But unfortunately for CBL I'm of the view that rather than supporting what it submits constitutes fair compensation in the particular circumstance of this case, it supports what the investigator in his March 2023 view concluded constitutes fair compensation in the particular circumstances of this case and what I've gone on to conclude in this decision.

So, in summary, I'm satisfied that this complaint should be upheld and that CBL should compensate Mr H, to the extent it hasn't done so already, in line with what the investigator concluded in his March 2023 view.

### **Putting things right**

To the extent it hasn't already done so, CBL must:

- refund Mr H the last 12 monthly agreement payments he made together with interest at 8% simple a year from the date of payment (by Mr H) to the date of refund by it\*
- refund Mr H £538.42 (paid for insurance) and £52.50 (for road tax) together with interest at 8% simple a year from the date of payment by Mr H to the date of refund by it\*
- pay Mr H £150 compensation as offered under its FRL dated 6 October 2022

- pay Mr H £150 compensation as offered under its FRL dated 23 December 2022
- pay Mr H £100 towards the cost of a valet
- settle the inspection costs (on behalf of Mr H) direct with the relevant inspector(s) to a maximum of £350
- remove any adverse information recorded with credit reference agencies in respect of Mr H's agreement

In addition to the above, CBL must:

- pay Mr H a further £300 for distress and inconvenience this whole matter has caused him

*\*Income tax may be payable on these sums. If CBL has deducted, or deducts, income tax from these sums it should tell Mr H how much it has taken off. CBL should give Mr H a tax deduction certificate if he asks for one so that he can reclaim the tax from HMRC if appropriate*

### **My final decision**

My final decision is I uphold this complaint and Close Brothers Limited must do what I've set out above under the heading 'Putting Things Right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 September 2023.

Peter Cook  
**Ombudsman**