

## **The complaint**

Miss L complains that the car she acquired financed through a hire purchase agreement with Creation Consumer Finance Ltd wasn't of satisfactory quality.

## **What happened**

The details of this complaint are well known to both parties and have been set out fully by the investigator, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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.

Having done so I agree with the conclusions reached by the investigator, and I've outlined my reasons below.

A used car was supplied to Miss L under a hire purchase agreement with CCF that she signed in May 2022. The Consumer Rights Act (CRA) covers agreements like the one Miss L signed. CCF as the supplier of the car was responsible for ensuring that it was of satisfactory quality at that time – whether it was of satisfactory quality will depend on several factors, including the age and mileage of the car and the price that was paid for it.

The car that was supplied to Mr L was about seven years old and had covered 63,188 miles. Satisfactory quality also covers durability which means the components within the car must be durable and last a reasonable amount of time.

Miss L has reported that from the very beginning when she first collected the car it has had numerous faults, some recurring. She said she tried to return the car within the first 30 days, but this was refused by the dealership, who claimed it had a right to repair. She eventually complained to CCF. CCF accepted that the car wasn't of satisfactory quality and agreed that Miss L could return it. Miss L has also accepted that the warranty and GAP insurance do not form part of the finance agreement and therefore cannot be part of the financial remedy. But Miss L didn't agree with the usage charge levied. So as the parties agree that the car can be returned it's up to me to decide any financial remedy.

Miss L isn't happy that she's been charged for using the car. She has said over the short time she's had the car it's been in for repair for approximately four months. She has said she doesn't agree to any deductions as she was forced to take the car back when it was repaired. She said she had no other choice but to drive it as she'd spent all her savings to purchase it and have no other means of transport. She said it's the dealership who failed to do the right thing and take the car back after one repair attempt like it said it would. She also said CCF didn't follow up on her complaint in a timely manner. Miss L went on to say that she's had to use the car as a result of their actions. She didn't understand why she should be punished by being charged for usage. I can see that Miss L has had repeated issues with the car and she has tried to get a resolution from the dealership and from CCF. I can

understand her strength of feeling in this matter. I'm not disputing the dealership refused to take the car back initially, but it did subsequently agree that Miss L could reject the car with a charge of £1,000 for usage.

The CRA sets out that where the final right to reject is exercised any refund can be reduced by a deduction taking account the use the consumer has had of the goods (in this case, the car). So while I'm sympathetic with Miss L as she feels she's being punished by being charged for using the car she wanted to reject, she has driven approximately 17,000 miles between May 2022 and October 2023. She has said that much of that mileage has been because of the distance she's had to travel to take the car for repair with the dealership.

It was Miss L's choice where to purchase her car but even considering mileage generated by the car repairs the mileage she's added to the car is still above average. During the periods when the car has been in for repair Miss L was provided with a courtesy car. I accept that this courtesy car wasn't always a like for like replacement, for example the height of the car, and manual versus automatic, but she was kept mobile.

My role is to decide what is fair and reasonable in the circumstances of the complaint and to find a solution for the individual consumer, it's not to penalise the business. So I think it reasonable that CCF retains the monthly rental payments.

I can see however that Miss L has been significantly inconvenienced by the problems with the car and the service she has received in trying to get it returned or repaired. And she's had issues with the courtesy cars she's received. So I think it fair and reasonable that CCF pays her £500 compensation for the distress and inconvenience the faulty car has caused.

Miss L has said she has spent money on a service, an MOT and road tax. As these are considered costs associated with running a car I wouldn't be looking to refund these as Miss L would have had to have paid for these had she had a different car. In her response to our investigator's view Miss L said she had very recently had to pay to have the car repaired. On production of a receipt for this work CCF should refund her this money.

### **Putting things right**

To put things right Creation Consumer Finance Ltd must

1. end the hire purchase agreement with nothing further owed;
2. collect the car at no cost to Miss L;
3. refund the £2,902 deposit paid against the hire purchase agreement;
4. refund money paid for repairs over and above car servicing on production of the receipt(s);
5. remove any adverse information from her credit file. The credit file should be marked as settled in full, or something similar, and should not show as voluntary termination;
6. pay Miss L £500 for the distress and inconvenience caused by the faulty car;
7. pay 8% simple yearly interest on all refunded amounts (3 and 4 above) from the date of payment until the date of settlement.

### **My final decision**

My final decision is that I uphold this complaint and Creation Consumer Finance Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 4 December 2023.

Maxine Sutton  
**Ombudsman**