

The complaint

Mr P has complained about the quality of a scooter he acquired through a finance agreement with Close Brothers Limited, trading as Close Brothers Motor Finance.

What happened

In November 2021, Mr P entered into a finance agreement for a scooter. He paid a deposit of £295.50, and monthly repayments were £71.30. However, since then, he's experienced a number of issues with the drive belt and clutch. Although repairs have been carried out, he's explained that the problems persist. Because of this, he's been renting a bike since June 2022, at a cost of £75 a week (plus a £25 initial delivery fee), because he's concerned about his safety.

Close Brothers said that Mr P hadn't provided evidence that the issues were present, or developing, at the point of supply.

One of our investigators looked into what had happened, and recommended that the complaint should be upheld. He explained that Mr P had invoices from the dealership, showing works that were carried out at the scooter's two services. The first, in December 2021, cost Mr P £48. The second, in March 2022, cost Mr P £166.49. Mr P also provided three reports from recovery services, dated March, April and June 2022, showing faults with the scooter.

Our investigator noted that these were numerous, over a number of months. He was satisfied that the scooter wasn't of satisfactory quality. Accordingly, he thought Mr P should be put back in the position he'd have been in – as far as possible – had he not entered into the agreement. Our investigator did note that Mr P had only made two monthly repayments since he'd stopped using the scooter, so this would need to be taken into account. He was also satisfied that Mr P should be paid £300 for the distress and inconvenience caused.

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 our investigator. I'll explain why. Where I don't refer to any specific submissions made by either party, this isn't because I've not considered them. Rather, it's because I've focussed on the issues I consider I need to, to reach a fair outcome.

I'm satisfied, on balance, that the scooter wasn't of satisfactory quality when it was supplied. It's experienced a number of significant issues, including with the clutch and drive belts, all within just months of supply. And despite numerous repairs (including that Mr P paid for, during services), problems continued. Accordingly, I think it was reasonable of Mr P to hire another bike, because he'd understandably lost faith in this scooter.

One of the main issues has been with the drive belts. The dealership commented that Mr P was going through drive belts every 800 to 1,000 miles. As I understand it, although they're

serviceable parts, this is much more often than would be expected. It's been suggested that this may be because Mr P was using the scooter for deliveries, when it wasn't designed for that kind of use. However, the dealership (so, by extension, Close Brothers) had been made aware that this was Mr P's intended use, before he entered into the agreement. So, if the use of the scooter for deliveries was why it experienced so many problems, that would mean it wasn't fit for the specified purpose for which it was supplied.

For these reasons, Mr P should now be able to reject the scooter, and be reimbursed for his consequential losses – specifically, for the rental bike and the extra costs at the two services.

Close Brothers is entitled to remove, from the total of the sum above, the amount outstanding in monthly repayments up until the date of settlement. This is because it would be unfair for Mr P to be reimbursed his hire costs, and also not pay any monthly repayments under the agreement. Close Brothers may not add 8% simple interest a year to any sums it is removing, as I think this should fairly be absorbed by Close Brothers, as part of Mr P's award.

I'm also satisfied that this matter has caused Mr P significant strain, and that Close Brothers could have put things right earlier. I agree that £300 compensation is reasonable to reflect this.

Putting things right

To put things right, Close Brothers should:

- end the agreement with nothing further to pay;
- collect the scooter at no further cost to Mr P;
- refund Mr P's deposit of £295.50;
- pay a refund of £25 for the delivery fee of the rental bike;
- refund £75 per week for the rental bike, from the date the rental started, until the date of settlement;
- refund Mr P £214.49 for the additional expenses incurred at the two services (£48 on 14 December 2021 and £166.49 on 9 March 2022);
- pay 8% simple interest a year on all sums above, from the date of each payment until the date of settlement;
- pay £300 for the distress and inconvenience caused; and
- remove any adverse information from Mr P's credit file in relation to the agreement, and update his credit file to show the agreement as settled.

Close Brothers is entitled to remove, from the total of the sum above, the amount outstanding in monthly repayments up until the date of settlement. It may not add 8% simple interest a year to any sums it is removing.

My final decision

For the reasons given above, it's my final decision to uphold this complaint. I require Close

Brothers Limited, trading as Close Brothers Motor Finance, 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 P to accept or reject my decision before 9 October 2023.

Elsbeth Wood
Ombudsman