

## **The complaint**

Mr C is unhappy that a car supplied to him under a hire purchase agreement with Toyota Financial Services (UK) Plc trading as Redline Finance was of an unsatisfactory quality.

## **What happened**

In June 2022, Mr C was supplied with a used car through a hire purchase agreement with Redline. He paid a deposit of £2,214.68 and the agreement was for £15,112.32 over 60 months; with monthly repayments of £310.50. At the time the car was just over six years old and had done 69,559 miles.

After taking possession of the car, Mr C noticed that the engine management light was illuminated. He contacted the supplying dealership about this several times, and they agreed to investigate and repair any faults. Mr C returned the car to the dealership on 15 August 2022, and he was provided with a courtesy car. The dealership replaced the NOX sensor, timing chain, and flywheel. However, due to delays in getting parts, the car wasn't returned to Mr C until 2 March 2023.

Mr C was unhappy with what had happened, and that the courtesy car wasn't suitable – it was too small for his family. Redline didn't uphold his complaint, as they thought the car was of a satisfactory quality when it was supplied. But they did agree to refund one payment to Mr C to compensate him for any inconvenience he'd been caused.

Mr C wasn't happy with this response, and he brought his complaint to us for investigation.

Our investigator was satisfied there was a fault with the car when it was supplied to Mr C. And, because of the time Mr C had been in possession of the car before the fault occurred, and the mileage he'd done during this time, the investigator also thought the fault was present or developing when the car was supplied to Mr C.

The investigator said that the repairs that had been done had resolved the fault with the car, and there was nothing to show that the fault had reoccurred. So, he thought the repair had been successful. However, the investigator didn't think Mr C had been provided with a suitable courtesy car – he was paying for a large premium car, and the courtesy car provided was significantly smaller and more basic. As such, the investigator said that, in addition to the payment Redline had offered, Mr C should be refunded 10% of the payments he'd made while he was in possession of the courtesy car, plus statutory interest.

While Redline were happy to refund the one payment they'd offered, they didn't think anything else should be paid as Mr C had been kept mobile while the car was being repaired. So, they asked for an ombudsman to make 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr C was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The CRA says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Redline are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Redline can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr C to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr C took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Redline to put this right.

Based on the evidence I've seen, I'm satisfied it's not disputed there was a fault with the car, nor that there was an extended period while it was being repaired and Mr C had use of a courtesy car. And, in their comments, Redline haven't argued that the car wasn't of a satisfactory quality when it was supplied, nor have they provided any evidence i.e. an independent engineer's report, to show this was the case. As such, my decision will focus on what I think Redline should do to put things right.

### **Putting things right**

Mr C has explained that he financed this particular car because of its size, and that he needed this to transport his family. It's also the case that the car was a premium make and model, which was reflected in the price he paid for it. However, the courtesy car was much smaller and wasn't of a premium make or model.

While I don't think this would matter so much if the car had taken a few days to repair, in this instance the car was in for repair from 15 August 2022 to 2 March 2023 – a period of about 28 weeks. And, during this period, Mr C was paying for something – a car of a certain size, make and model – that he wasn't receiving.

I appreciate Redline's comments that Mr C was kept mobile, and I don't doubt that was the case. But he was still paying for something he wasn't receiving for a substantial period of time. Given this, I'm in agreement that Mr C should be refunded a proportion of the payments he was making to compensate him for the loss of enjoyment of the car he was paying for. The investigator has recommended 10% of the payments, which is in line with what I would've directed. As such, I see no compelling reason why this shouldn't form part of my final decision.

So, Redline should:

- refund 10% of any payments Mr C has made from 15 August 2022 to 2 March 2023;
- apply 8% simple yearly interest on this refund, calculated from the date Mr C made the payments to the date of the refund †;
- remove any adverse entries relating to the above payments being refunded on Mr C's credit file; and
- pay Mr C an additional £310.50 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

†HM Revenue & Customs requires Redline to take off tax from this interest. Redline must give Mr C a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold Mr C's complaint about Toyota Financial Services (UK) Plc trading as Redline Finance. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 August 2023.

Andrew Burford  
**Ombudsman**