

The complaint

Mrs J complains that the car she acquired through a hire purchase agreement with Specialist Motor Finance Limited (SMF) wasn't of satisfactory quality. She wants to reject the car.

What happened

In November 2022, Mrs J entered into a hire purchase agreement with SMF to acquire a used car. The agreement term was 36 months with monthly repayments of around £126. The car was ten years old and had been driven over 77,700 miles at the time of acquisition.

Mrs J says that she experienced several issues with the car shortly after acquisition, noting a lack of power, the exhaust falling off and needing to replace a tyre. She raised these issues with SMF in March 2023.

SMF didn't uphold Mrs J's complaint. It said it had contacted the supplying dealer which confirmed that upon inspection of the car all that was required was a top up of oil and because there were no faults present, it didn't accept that Mrs J should be allowed to reject the car.

Mrs J wasn't satisfied with SMF's response and referred her complaint to this service. Mrs J wants to reject the car.

Our investigator upheld this complaint, but he didn't think that rejection was proportionate. Instead, he thought that SMF should refund Mrs J the costs she had paid to have her car recovered in November 2022 and £150 compensation for any distress or inconvenience she was caused due to the issues with the car.

SMF didn't respond to our investigator's view. Mrs J said that she had been without a car since January 2023 which had affected all aspects of her life, including her earnings and ability to visit family. She said she still wanted to reject the car. She also noted that the cost of the recovery had already been refunded.

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.

Mrs J acquired a used car through a hire purchase agreement with SMF. Under the regulations, specifically the Consumer Rights Act 2015, SMF can be held liable if the car supplied wasn't of satisfactory quality. Satisfactory quality takes into account factors such as the car's age and mileage as well as the price paid. In this case, the car was ten years old and had been driven over 77,700 miles at the time of acquisition. The car's cost was £3,290.

Given the car's age and mileage I find it reasonable to accept that it would have suffered some wear and tear and it is possible that issues can arise shortly after acquisition that weren't necessarily present or developing at supply. The car passed a MOT on 9 November 2022 with no advisories which suggests the car was fit for purpose when supplied. However,

Mrs J experienced issues very soon after acquisition and noting that part of the assessment of satisfactory quality is that the car is sufficiently durable, I think this does raise concerns.

Mrs J has explained that the car's exhaust fell off within the first month. I can see from the contact notes provided that Mrs J contacted the broker about the car being recovered due to an issue with the exhaust on 22 November 2022. This was within 30 days of Mrs J acquiring the car. However, I have nothing to show that she asked to reject the car at that time and instead I can see that Mrs J accepted the repair which was authorised and paid for by the supplying dealership.

Based on the communication from the time it appears that the repair was successful and as this was completed on 1 December 2022, I find it took place within a reasonable timeframe. Mrs J collected the car, and the case was closed on 5 December 2022. I find this a reasonable remedy for the issue that occurred.

Our investigator noted that Mrs J had incurred a cost for the car to be recovered on 22 November 2022 and recommended that this cost be refunded. I can see from the correspondence with the broker at the time that it requested evidence of the recovery costs and Mrs J has said this amount was refunded therefore I do not require any further action to be taken in regard to this expense.

On 23 January 2023, Mrs J contacted the broker about an issue with the oil. The broker says that the supplying dealer took the car back to check for faults and topped up the oil but there were no other faults found. Based on this it didn't accept that Mrs J should be allowed to reject the car.

I have thought about the issues Mrs J has experienced and the actions taken. Having noted when the issue with the exhaust occurred, I think this suggests that the car wasn't of satisfactory quality as it is likely there was a fault present or developing with the exhaust at the point of supply and / or that the car wasn't sufficiently durable as it needed to be recovered less than two weeks after acquisition. However, this issue was repaired and while a customer can have the right to reject a car if repairs do not resolve the issue, in this case I have nothing to suggest the repair wasn't successful. I note the concern Mrs J raised about the oil needing topping up, but this can be part of the usual maintenance of a car. And without evidence that there is an ongoing fault with the car, or any new issues that have arisen since repair that wouldn't be reasonably considered to be wear and tear, I do not find I can say that Mrs J should be allowed to reject the car.

I understand that the issues caused Mrs J distress and inconvenience and as I accept the car wasn't of satisfactory quality at supply, resulting in repairs being required, I think it reasonable that Mrs J is paid an amount to reflect the distress and inconvenience she was caused. I have taken on board Mrs J's comments about the impact being without a car has had but I have also considered that the car was returned to Mrs J after the November repairs, and she was told following the inspection in January that she would need to collect the car. Based on this I think the £150 recommended by our investigator is reasonable.

Putting things right

As I find that the car supplied to Mrs J wasn't of satisfactory quality Specialist Motor Finance Limited should:

- pay Mrs J £150 for any distress or inconvenience that's been caused due to the faulty goods; and
- remove any adverse information from Mrs J's credit file in relation to this agreement.

My final decision

My final decision is that Specialist Motor Finance Limited should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 6 November 2023.

Jane Archer
Ombudsman