

## **The complaint**

Mr G complains that a car acquired with finance from Zopa Bank Limited wasn't of satisfactory quality.

## **What happened**

In October 2022 Mr G was supplied with a car and entered into a hire purchase agreement with Zopa.

Around a month after getting the car Mr G noticed an oil leak. Soon afterwards a warning light on the dashboard illuminated showing a gearbox and engine fault. Mr G contacted the supplying dealer who referred him to a mechanic. The mechanic looked at the car but found no fault. Following this the car broke down. Mr G complained to Zopa.

Zopa arranged for an independent inspection of the car. The report concluded that the car had a fault which was present at the point of supply.

Zopa accepted Mr G's request to reject the car and advised him that there may be charges for fair usage and damage.

The car was returned to the supplying dealer in January 2023. Zopa retained all Mr G's monthly payments for fair usage of the car and raised an invoice for further charges of £962.27.

Mr G disputed the fair usage charges and brought his complaint to this service.

Our investigator upheld the complaint. She said she didn't think the charges for fair usage were fair and said Zopa should only charge an additional £229.48 (in addition to the three monthly payments it had retained).

Zopa didn't agree so I've been asked 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.

There were clearly some significant issues with the car supplied to Mr G under the agreement. Zopa agreed that the car could be rejected and told Mr G that there could be charges for fair usage.

Mr G covered 5226 miles whilst the car was in his possession. Zopa said it was entitled to apply fair usage charges of 25p for each mile, which gave a usage charge of £1306.50. Mr G had made payments under the agreement totalling £344.23 so Zopa asked him to pay a further £962.27.

There's no reference to the fair usage charge in the hire purchase agreement.

The Consumer Rights Act 2015 says that a finance company is entitled to make a deduction for fair use. It doesn't set out what rate or method should be used.

Our approach is to look at all the circumstances and decide what's fair and reasonable.

In this case, Mr G had been driving the car for around 5 months before it was rejected. He completed 5226 miles during this time, which is what this service would consider to be average mileage.

Whilst a mileage charge of 25p per mile doesn't appear excessive of itself, I don't think that a charge of 25p per mile is fair and reasonable in the circumstances of this complaint. I've taken into account the length of time Mr G has had the car for, the mileage he covered, and the payments retained by Zopa. Taking everything into account, I think the fairest way to apply the charge for fair usage is for Zopa to retain 3 months payments and charge Mr G for a further 2 months' worth of payments (£229.48) so that Zopa receive an amount equivalent to 5 months payments for fair usage. This equates to one monthly payment for every 1000 miles covered. I think this fairly reflects the fact that Mr G had 5 months use of the car.

### **Putting things right**

To put things right Zopa Bank Limited must:

Cancel the charges of £962.27 and re-invoice Mr G fair use charges of £229.48

### **My final decision**

My final decision is that I uphold the complaint. Zopa Bank Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 October 2023.

Emma Davy  
**Ombudsman**