

The complaint

Miss B complains about the quality of a car she has been financing through an agreement with Blue Motor Finance Ltd, trading as Blue Motor Finance ("BMF").

What happened

The details of this complaint are well known to both parties, 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.

I know it will disappoint BMF, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss B acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then BMF, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Miss B. The car here was about seven years old and had already completed almost 82,500 miles.

An old car with a high mileage will not be expected to be as good as a newer car with a low mileage, but it should still be fit for use on the road, in a condition that reflects its age and price.

Miss B complained about problems with the car almost as soon as she took receipt of it. When the dealership looked at the car about three weeks after it was supplied to Miss B, their technician's comments say that there was a fault code identified and a new Exhaust Gas Recirculation temperature sensor would need to be ordered and fitted. I don't think that was the sort of problem that could be expected on a car of this age and mileage so soon after it was supplied.

The relevant legislation allows the business one opportunity to fix a fault that was present at the point of supply. I think the business, therefore, had that opportunity in April 2023.

But the problem persisted. In June 2023 a further report suggested the EGR valve needed to be replaced along with associated pipework.

The dealership say that Miss B authorised a subsequent repair when she left the car with them on 4 August 2023. The relevant legislation says that repairs should be carried out within a reasonable time and without significant inconvenience to the consumer. I don't think it was reasonable to keep Miss B waiting until 9 September 2023 for a further repair. So, I think BMF should now allow her to reject the car.

And, even if I'm wrong about that, BMF's case notes show that Miss B had asked to reject the car on 3 August 2023 before the dealership say it was left with them. I think they should have allowed the car to be rejected at that point.

Putting things right

BMF should collect the car at no cost to Miss B and they should end the finance agreement.

They'll need to refund any deposit Miss B has paid and, as she's been deprived of that money, they will need to add interest to that refund.

Miss B has been inconvenienced by these issues. She's had, for instance, to take the car back to the dealership on several occasions and she's had to escalate her complaint to this Service when I think it could have been resolved earlier. She's also explained the impact this issue has had on her mental health and the stress it has put on her finances. In those circumstances BMF should pay her £250 compensation for the distress and inconvenience she's experienced.

The mileage records suggest Miss B has had reasonable use of the car while she's been able to drive it. But she hasn't been able to use the vehicle since July 2023 and it's not fair, in those circumstances, for her to have been paying for the car since then. BMF should therefore, refund any finance instalments paid since the car was returned to the dealership in July 2023; they should add interest to the refund.

Miss B has explained she's incurred warranty, insurance, and petrol costs. The warranty wasn't something that was financed by BMF, and insurance was necessary in order for her to drive the car to the dealership. So, I don't think it would be fair to ask BMF to refund those costs. I've not seen sufficient evidence that Miss B's petrol costs increased either and I'm not therefore, ordering any refund.

My final decision

For the reasons I've given above, I uphold this complaint and tell Blue Motor Finance Ltd to:

- Allow Miss B to reject the car and end the finance agreement.
- Collect the car at no cost to Miss B.
- Refund any deposit that has been paid and add 8% simple interest* per year from the date of payment to the date of settlement.
- Refund and finance instalments paid since July 2023 and in respect of loss of use. Add 8% simple interest* per year from the date of payment to the date of settlement.

- Pay Miss B £250 to compensate her for the distress and inconvenience she's experienced.
- Remove any adverse reports they may have made to Miss B's credit file in relation to this issue.

*If HM Revenue & Customs requires the business to take off tax from this interest they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 25 December 2023.

Phillip McMahon
Ombudsman