

The complaint

Mr D is unhappy that a car supplied to him under a hire purchase agreement with 247 Money Group Limited trading as 247 Money was of an unsatisfactory quality.

What happened

In January 2022, Mr D was supplied with a used car through a hire purchase agreement with 247 Money. He paid a deposit of £1,090 and the agreement was for £10,000 over 60 months; with monthly payments of £255.50. At the time of supply, the car was around six and a half years old and had done around 91,000 miles.

Mr D says he started to have problems with the car shortly after it was supplied to him. He contacted the supplying dealership who advised him to have the car repaired at a third-party garage. Mr D did this, but the dealership then refused to cover the cost as the repairs had been unauthorised. Mr D complained about this to the broker who'd arranged the finance, and he was awarded £300 compensation – half the cost of the repairs.

Mr D said that, although issues with the fuel pipe were fixed, the car continued to have problems with the air con. The dealership attempted to repair the car on two separate occasions, but the issues remained. So, Mr D raised a complaint with 247 Money. 247 Money didn't respond to the complaint within the timescales allowed, so Mr D brought the matter to the Financial Ombudsman Service for investigation.

While Mr D's complaint was being investigated, 247 Money agreed to have the car independently inspected, and cover the costs of this. However, when Mr D arranged for an inspection, 247 Money refused to cover the cost as they considered it was too expensive.

Our investigator said that, although he'd seen no evidence of an actual fault with the air con, neither Mr D nor 247 Money disputed there was a fault that was present when the car was supplied. As repairs to the air con had been attempted by the dealership, but these had failed, the investigator said Mr D had the right to reject the car. However, Mr D wanted the car to be repaired instead.

So, the investigator said that 247 Money should arrange for the car to be inspected and repaired (or to allow Mr D to have the car inspected and repaired and cover the full cost of this). The investigator also said that 247 Money should refund Mr D the equivalent to three weeks payments (to cover the period when the dealership was attempting to repair the car and no courtesy car was provided) and pay him £200 compensation for the distress and inconvenience he'd suffered.

Mr D said that, given what's happened previously with arranging his own repairs and being reimbursed the costs, he wanted the car taken to the dealership for diagnosis and repair. 247 Money said they were trying to obtain a quote from the dealership and were happy to pay for the repairs. However, they didn't agree with paying Mr D for the time the car was off the road, or any additional compensation.

Given these comments, this matter has been passed to me to make a 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. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

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 D 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 Consumer Rights Act 2015 ('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, 247 Money 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 247 Money can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr D to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr D 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 247 Money to put this right.

In this instance, it's not disputed there was a problem with the air con, nor that this fault was present when the car was supplied to Mr D. Both parties also agree that the car should be repaired at no cost to Mr D. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think 247 Money should do to put things right.

Putting things right

Having reviewed the evidence in this matter, I've seen that Mr D had issues with the repair to the fuel system, and the dealership not covering the costs of this repair when Mr D believed this had been agreed beforehand. Mr D has also had issues with 247 Money agreeing to cover the costs of a diagnosis and repair of the air con, when again Mr D believed this had been agreed beforehand. As such, he's reluctant to arrange for the car to be diagnosed and repaired now. And he'd prefer to take the car back to the dealership for this to be done, even if it takes longer.

Given the circumstances, I can see why Mr D is reluctant, and I don't think his request is unreasonable. As such, I'm satisfied that it should be for 247 Money to arrange for the car to be diagnosed and repaired, not Mr D.

The car has been off the road and undrivable for a total of around three weeks while the dealership unsuccessfully attempted to repair the air con. During these periods, Mr D wasn't supplied with a courtesy car. As such, he was paying for goods he was unable to use. As it's not disputed the car was with the dealership due to a fault that was present when it was supplied to Mr D, and as 247 Money failed to keep Mr D mobile; I'm satisfied they should refund the equivalent of the payments he made during these periods.

Finally, it's clear that Mr D has been inconvenienced by having to arrange for the car to be repaired twice, and by these repairs being unsuccessful. So, I think 247 Money should compensate him for this. The investigator had recommended 247 Money pay him £200, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, 247 Money should:

- remove any adverse entries relating to this agreement from Mr D's credit file;
- arrange for the air con on the car to be repaired at no cost to Mr D;
- upon receipt of evidence of when the car was with the dealership for attempted air con repairs, refund the equivalent of the payments Mr D paid during these periods;
- apply 8% simple yearly interest on the refunds, calculated from the date Mr D made the payment to the date of the refund[†]; and
- pay Mr D an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]If HM Revenue & Customs requires 247 Money to take off tax from this interest, 247 Money must give Mr D 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 D's complaint about 247 Money Group Limited trading as 247 Money. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 21 February 2024.

Andrew Burford
Ombudsman