

The complaint

Mr C complains about the satisfactory quality of a car supplied to him by MotoNovo Finance Limited ("MotoNovo") using a hire purchase agreement.

What happened

Mr C acquired a used car in October 2020, funded in part with a hire purchase agreement with MotoNovo. The cash price of the car was £14,386.99 and a £1,000 deposit was paid. The duration of the agreement was 60 months. The car was around five years old and Mr C said he was told the mileage of the car at the point of supply was around 20,000 miles.

He said he later noticed the mileage of the car when he got it was around 29,000 miles. Mr C also purchased an extended warranty service at the point of supply, which he said had a maximum claim limit of £2,000 for each authorised repair.

A pre-delivery inspection checklist completed in October 2020 showed, among other things, that the brake pads and discs were checked.

Mr C said soon after acquiring the car, in November 2020, he had the rear brake pads replaced by a third-party at a cost of £73. But he says they continued to squeak.

Mr C later noticed a problem with jerkiness while driving at higher speeds on a motorway. He said he contacted the supplying dealership in April 2021 about this issue, alongside the squeaking of the brakes.

Mr C said the supplying dealership wouldn't reimburse him the cost of the replacement brake pads, as incorrect ones were fitted by the third-party. Mr C then had the front and rear pads and discs replaced by the supplying dealership which cost Mr C around £231.

Mr C said they also told him the jerkiness he experienced at high speed was due to a sport driving mode the car might have been placed in. Mr C said he hadn't used this function or mode.

In June 2021, Mr C said he still experienced jerkiness when driving on motorways, so he contacted the supplying dealership again. Mr C said they identified an oil leak within the engine and it was repaired under warranty. The invoice showed Mr C had to pay around £50 for sealant.

Within a day or so of collecting the car after it was repaired, the car broke down and it had to be recovered. Job sheets for the repairs showed the car had travelled around 36,000 miles in total at this point and both the timing chain and coolant fan had to be replaced.

Mr C said between July 2021 and December 2021, the car still had performance issues. But, he said the supplying dealership couldn't find any faults with it when they inspected it and during a service they completed in October 2021.

In December 2021. Mr C said he noticed an engine management light appear on the car dashboard, so contacted the supplying dealership about it. He said he was told it was likely to do with a faulty sensor and that the car could still be driven.

In around January and February 2022, Mr C said the car started making a clicking noise, so he took it to a third-party to be checked and he said he was told the engine oil was low. Mr C contacted the supplying dealership as he was surprised the oil needed refilling as the car had just had a service in October 2021. The supplying dealership then inspected the car. The invoice in February 2022 showed the fuel pump was replaced. In March 2022, another invoice showed the fuel pressure control software was also updated.

A few months later, Mr C said he took an engineer from the supplying dealership for a drive on the motorway to replicate the issues he noticed with the car when it was driven at higher speeds. He said he was told the engine was misfiring. Mr C had the car inspected by the manufacturer's dealership and he said he was told that spark plugs needed to be changed and the oil needed to be refilled again.

In July 2022 a diagnostic was carried out on the car for poor running on the motorway by the manufacturer's dealership. It was noted that the CVT fluctuated between gears randomly and that the car wasn't controlling gear changes correctly. Mr C was quoted £6,621.90 for the cost of repairs.

Mr C, frustrated with all the ongoing issues with the car, complained to the supplying dealership.

In September 2022, the supplying dealership told Mr C that the issue with the car was in fact an engine issue and that it would need to be replaced. Mr C was quoted £3,290 to replace the engine with a used one; £2,000 of which would be covered by his warranty.

Mr C agreed to the repairs. The invoice showed the engine was replaced in October 2022, along with its spark plugs, and an oil and filter change. The mileage of the car recorded on the invoice was around 52,800.

Mr C has since collected the car and has said there are no further issues with it, other than general wear and tear issues.

Mr C complained to MotoNovo and they provided their final response. They said, as Mr C had already carried out the repairs, they did not have the opportunity to assess the condition of the car for the faults described or agree to the repairs and of any payment. So, MotoNovo wouldn't offer a contribution to the costs Mr C incurred. MotoNovo explained that as Mr C had acquired the car for more than six months, he would have needed to evidence the faults were present at the point of supply.

Mr C, unhappy with MotoNovo's response, referred his complaint to our service.

During our involvement, MotoNovo provided further information which they received from the supplying dealership. The dealership acknowledged the mileage discrepancy at the point of supply and accepted they made a mistake. For their error, an offer of £475 was made to Mr C.

Our investigator explained in his view that he reviewed each repair that had been carried out on the car since it was acquired, and didn't consider those repairs showed the car had a fault at the point of supply. He concluded that some of the repairs were due to regular wear and tear which would be expected on a used car of this age. And he explained that there wasn't information to confirm whether the fault with the engine was present or developing at the

point of supply. The investigator also explained the offer the supplying dealership had made of £475 to Mr C due to the discrepancy in the mileage the car had travelled at the point it was acquired.

Mr C disagreed with the outcome the investigator reached. In summary, he said an MOT was completed on the car shortly before he acquired it. But, he said he had to replace the brakes within 30 days and he said he was told by the supplying dealership that he would be reimbursed this cost. Mr C also said the issue with the spark plugs suggested the car hadn't been inspected properly at the point of supply. Mr C also said he experienced jerkiness in the car within the first six months of acquiring it, and he believed this was ultimately why the engine had to be replaced.

Mr C also said the timing chain for the car should only need to be replaced every 180,000 miles, but this had to be replaced within 36,000 miles. He believed this was another indication the car hadn't been properly maintained.

Mr C then provided details of the service history of the car, which showed it had been serviced first in 2016, and then each year from 2020 to 2023.

As Mr C disagreed with the investigator's findings, the complaint was passed to me to decide.

I issued a provisional decision on 25 October 2023 where I explained why I intended to uphold Mr C's complaint. In that decision I said:

"Mr C complains about the quality of a car supplied under a hire purchase agreement. Entering into regulated consumer credit contracts like this as a lender is a regulated activity, so I'm satisfied I can consider Mr C's complaint against MotoNovo.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – MotoNovo here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. It's important to note in this case that the CRA specifically says that the durability of goods should be considered as part of satisfactory quality.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. It's important to note that Mr C's car was used. So, I don't think a reasonable person would expect it to be in the same condition as a new one. But, that being said, Mr C's car was around five years old, cost around £14,400 and I think it's fair to say had an average mileage for its age.

MotoNovo have since confirmed the mileage of the car at the time it was acquired by Mr C was around 29,000 miles. I will make comments about this later on in my findings. But, considering all the relevant factors above, I think a reasonable person would've expected the car to be in good condition, free from anything other than minor issues and would expect trouble free motoring for some time.

What I need to decide in this case is whether the car was of satisfactory quality or not. The first thing to consider is whether the car developed a fault.

Brakes and brake discs

I've noted the pre-delivery checklist said the brakes and discs were checked in October 2020, around the time the car was acquired by Mr C. The pre-delivery checklist also says:

"Whilst our pre-delivery inspection is intended to make sure your vehicle is fault free, it is impossible to check every component on the product, therefore in the unlikely event a fault should arise within the next 30 days it will be covered by your guarantee, at our expense and your convenience."

Mr C has also provided an invoice that shows the rear brakes were replaced within 30 days and he said he was told by the supplying dealership this cost would be reimbursed. I can't be sure what Mr C was told, but in any event, I'm not satisfied the brakes were checked correctly during the pre-delivery inspection. If they had been, I don't think Mr C would have incurred costs to have the rear brakes replaced shortly after acquiring it. So, I think it is fair and reasonable Mr C is reimbursed the cost of the replacement brakes. I appreciate Mr C had the wrong brakes fitted, but I'm also mindful that he was acting in good faith here, and so I still think he should be reimbursed for them.

Mr C also explained that he incurred further costs in April 2021 and had the replacement brakes replaced again as well as brake discs. I've noted that by April 2021, the car had travelled around a further 5,000 miles since it was acquired. And the job sheet for the replacements say that both pads and discs needed to be replaced – on both the front and rear wheels.

Considering everything here, I think it was fair for Mr C to incur this cost himself. Brake pads and discs are general items on a car that would need to be replaced after use and after wear and tear. And I'm mindful that the third-party Mr C took his car to didn't need to replace all the brakes and discs, but rather only the rear brake shortly after Mr C acquired the car. So, I don't think these are costs MotoNovo need to reimburse, and I'm satisfied there were no issues with them at the point of supply, other than with the pads which were previously replaced as above.

Timing belt, coolant fan, fuel pump, fuel pressure control software update and engine replacement

Turning my attention now to the other various and significant repairs that have occurred.

I've noted that there seems to be overarching issues with the car, which have ranged from issues with its timing belt, coolant fan, fuel pump system as well as issues with its engine.

I've thought about all of these issues separately and reviewed the relevant job sheets that have been provided to understand fully the diagnostics and repairs that have been carried out to the car. I've also thought carefully about Mr C's comments where he suggests parts of the car had failed sooner than they had ought to.

In broad terms, I also think all these parts have broken down sooner than I would have expected them to. Normally, I would consider each repair in turn. However, I don't think I need to do this to reach what I think is a fair outcome.

I say this because I think the reason why the parts named above broke down sooner than I would have expected all stems from the same issue. So, I think it would be simpler to consider all these repairs collectively.

I'm mindful about the service history of the car before it was acquired by Mr C. In particular, I can see the car was first serviced in September 2016, when it had travelled around 4,700 miles. The next service was in October 2020, just before the car was acquired, which was

around four years after the first service. By then, the details recorded on the service history suggest the car had travelled around 29,000 miles.

Having looked at the manufacturer's guidelines, I've noted the car hasn't been serviced in line with recommended guidelines – which is for it to be serviced every 15,000 miles or 12 months, whichever comes first.

Considering all of this, and all the issues with the car, I think it is likely the car had been poorly maintained before it was acquired. The car had likely been used for several years without any maintenance completed on it, such as changes to its engine oil, filters or other parts. Without these checks and maintenance being completed, it is likely significant degradation occurred to the car, such as to its engine, timing belt, coolant fan and fuel pump system, before the car was acquired.

I can't see anything to suggest the car was sold to Mr C with a full-service history. And I can't see anything else that suggests Mr C was misled about the condition of the car before he acquired it. And so, I can't say MotoNovo acted unfairly here.

It's worth noting that whatever happened, the majority of the repairs have been completed at no cost to Mr C. But it follows the above that I don't think MotoNovo need to reimburse Mr C for any costs that he did incur for these repairs to be completed.

Mileage discrepancy

The supplying dealership has accepted incorrect information was given to Mr C about the car's mileage at the point of supply. They say they gave the incorrect mileage to Mr C on his invoice and offered £475 for their error. They say this figure is based on a market valuation they completed by calculating the difference in value of cars at the two different mileages if they were to be sold now.

It's unclear whether this offer has come directly from MotoNovo or whether it has already been paid. But in any event, I think the offer made here is fair in the circumstances and I'm also mindful that MotoNovo had sent our service the email they received from the supplying dealership as part of their submissions. So I think a fair thing for MotoNovo to do here is pay Mr C £475, if the supplying dealership hasn't already done so."

I set out what I intended to instruct MotoNovo to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to the provisional decision

Mr C responded and said, among other things, that he felt the issue with the engine had been overlooked and brushed aside by saying the car is missing three years of service history.

Mr C also said that he would have expected a car sold at the price it was, to have been well maintained and followed all recommended guidelines.

Mr C went on to say that he didn't realise the car didn't have a full-service history until our service brought this to his attention.

MotoNovo responded and said they had no further points to raise.

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'm not persuaded to change my opinion from the provisional decision I made.

As I said in my provisional decision, the car had likely been used for several years without any maintenance completed on it, such as changes to its engine oil, filters or other parts. Without these checks and maintenance being completed, it is likely significant degradation occurred to the car's engine before it was acquired. The car was not sold to Mr C with a full service-history and the supplying dealership was not obliged to sell it with one either.

I appreciate Mr C's further comments he made, being a first-time buyer of a car, but I can't see anything to suggest Mr C was misled into acquiring a car with a full-service history. It was in Mr C's interest to have checked whether the car was sold with a full-service history if this was important to him when acquiring it.

My final decision

For the reasons I've explained, I uphold this complaint and instruct MotoNovo Finance Limited to put things right by doing the following:

- Reimburse Mr C the costs he incurred for replacing the rear brake pads shortly after acquiring the car - £73. *
- Pay Mr C £475 for the mileage discrepancy of the car at the point it was acquired. **

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If MotoNovo considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

** If the supplying dealership has already paid this, then MotoNovo doesn't need to do anything further in respect of making a payment for the mileage discrepancy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 December 2023.

Ronesh Amin
Ombudsman