

The complaint

Mr S complains Toyota Financial Services (UK) PLC trading as Redline Finance (Redline) supplied him with a car that he believes wasn't of satisfactory quality.

What happened

In February 2023, Mr S entered into a 60 month hire purchase agreement for a used car. its cash price was £8,945. It was registered in August 2015 and it had travelled around 81,400 miles. Mr S paid a £99 deposit and the rest was financed via a loan provided by Redline. The monthly repayments were £185.

Prior to acquiring the car, Mr S mentioned there were a few issues with it including the reverse camera wasn't working. He said he was told by the supplying dealership these would be fixed before the car was delivered to him. He took possession of the car around 15 February 2023.

Around a month later in March 2023, Mr S complained to the dealership about a number of issues, including but not limited to:

- The reverse camera wasn't working;
- The keyless entry function wasn't working on the passenger side;
- The heated steering wheel wasn't working;
- There was an abnormal noise when braking;
- The auto stop/start function wasn't working;
- The traction control warning light was coming on;
- There was a faulty door latch.

The car was returned to the dealership. They carried out a number of repairs including replacing the door latch, the front brake pads and the switch for the heated steering wheel. Repairs were carried out to the keyless entry function. Job cards indicate they couldn't find a fault with the auto stop/start function. They also said the reverse camera needed to be replaced but it would take longer to do so as the part needed to be sourced. During this time, Mr S asked to reject the car as he wasn't happy with how long the repairs were taking. His request was denied by the dealership as repairs had been carried out.

The car was returned to Mr S in May 2023 and he immediately complained some of the initial faults remained and there were new ones – the auto start/stop still didn't work, the electric window switch didn't work and the parking sensors were faulty. Mr S complained to Redline and asked to reject the car.

Redline said the car had been repaired and the issues Mr S had referred were not faults but operated how they worked by design.

Unhappy with their response, the complaint was referred to our service. Given the conflicting information about the outstanding faults, the investigator suggested an independent inspection.

In October 2023, the inspection was carried out. It found there was a fault with the auto start/stop function, the nearside front door switch wasn't working, the front parking sensors didn't work and that may be due to the contact damage found on the bumper. It concluded the car wasn't currently of satisfactory quality and not commensurate for its age and mileage.

Based on these findings, our investigator recommended the complaint was upheld. She said there were a number of faults with the car from the beginning and the repairs failed to fix all of them as supported by the conclusions of the independent inspection. She said Mr S should be allowed to reject the car and REDLINE needed to do a number of things to put things right.

Redline disagreed, in summary they said:

- The inspection didn't confirm there was a fault with the auto stop/start but further investigation was required;
- The inspection confirms there was accidental damage to the bumper which is likely to have contributed to the issues raised;
- Some of the faults weren't raised by Mr S during the initial 30 days so there should be an opportunity of repair as it's not clear if they were present at supply;
- There is an indication the car has been involved in an accident;
- Mr S has covered over 7,300 miles in the car so they don't agree to rejection or the partial refunds of the repayments made.

As an agreement couldn't be reached, the complaint has been referred to me to decide.

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 decided to uphold Mr S' complaint. I will explain why.

Mr S acquired a car under a regulated credit agreement. Redline was the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply and the quality of the car.

The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that, under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory". To be considered "satisfactory", the goods would need to 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 involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage. The quality of goods includes other things like fitness for purpose, appearance, freedom from minor defects, safety and durability.

In this case, Mr S acquired a car that was over seven years old and had travelled over 81,400 miles. As this was a used car with considerable mileage and age, it's reasonable to expect parts may already have suffered substantial wear and tear when compared to a new car or one that is less travelled.

Based on the evidence presented to me including job cards, pictures, Mr S' version of events and the emails from the dealership, it's clear there were a number of faults with the car. I've outlined them above so I won't repeat them again. Given the number of faults and how soon they were reported after Mr S took possession of the car, I find it's more likely than not they were present and/or developing at supply meaning the car wasn't sufficiently durable. Therefore I'm not convinced the car was of satisfactory quality at supply meaning there was a breach of contract.

Where that happens and it's outside the short term right to reject (30 days), the CRA says there should be one opportunity for repair. I would expect the repairs to be carried out at no cost to the consumer, within a reasonable period of time and without significant inconvenience to the consumer. In this case, I'm satisfied that happened. Job cards confirm a number of repairs were carried out or arranged by the supplying dealership in April and May 2023.

The CRA makes it clear if the repair fails to fix the issue or faults remain that also makes the car of unsatisfactory quality, Mr S can exercise his final right to reject the car. I must stress the opportunity of repair is for the whole car, not for each individual component.

In this case based on the findings of the inspection report, it's clear faults remained after the repair. I disagree with Redline's comments that it didn't specify there were faults but further investigation was required. The report specifically says "*I can confirm on faults being present on the vehicle during the inspection*". It goes on to say the auto start/stop function, front parking sensors and nearside door switch weren't working as it should. In light of the same, I'm satisfied faults were indeed identified during the inspection.

Redline has also argued there's an indication the car may have been involved in an accident since supply following the comments of the inspection. Mr S denies this and has provided date stamped photos of the car before he acquired it and it shows the damage to the bumper so it's clear it was present at the point of supply.

Mr S has made it very clear he doesn't want any further repairs but wants to reject the car. Given the timeline of events, I can understand why. He's not obliged to accept multiple repair attempts. To resolve this complaint, I find Mr S should be allowed to exercise his final right to reject the car.

Putting things right

Having determined the car wasn't of satisfactory quality and Mr S should be allowed to reject the car, Redline must do a number of things to put things right. They must end the agreement with nothing further for Mr S to pay, collect the car, refund the deposit amount and remove any adverse information about this agreement from Mr S' credit file.

Like the investigator, I won't be saying Redline needs to refund all the monthly repayments. Although the car has faults, it's clear from the mileage covered Mr S has had use of the car so it's fair he pays to reflect that. The investigator has explained she has taken into account the interest charged at the front end of the agreement (where it tends to be higher), Mr S' use of the car and the supply of the courtesy car. She said Mr S should only pay £150 for

each month he's had the car and Redline should refund the difference. I note the monthly payments were £185 so based on that calculation that would mean Redline would refund around 20% of the monthly payments Mr S has paid. I consider this fair in the circumstances to reflect the impaired use.

I've also thought about the likely impact of this matter on Mr S. This includes taking the car to a local garage, being without his car for several weeks and the extent of his contact with the supplying dealership and Redline to resolve the issue. Given the circumstances, Redline should also pay £200 compensation for the trouble and upset caused.

My final decision

For the reasons set out above, I've decided to uphold Mr S' complaint.

To put things right, Toyota Financial Services (UK) PLC trading as Redline Finance must:

- End the agreement with nothing further for Mr S to pay;
- Collect the car at no cost to Mr S;
- Refund the cash deposit;
- Refund 20% of the monthly instalments paid to reflect impaired use;
- Pay 8% simple interest per annum on the above refunds from the date of payment to the date of settlement;
- Remove any adverse information about this agreement from Mr S' credit file;
- Pay £200 compensation for the trouble and upset caused.

*If Toyota Financial Services (UK) PLC trading as Redline Finance considers tax should be deducted from the interest part of my award it should provide Mr S with a certificate showing how much it has taken off, so Mr S can reclaim that amount if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 March 2024.

Simona Reese
Ombudsman