

The complaint

Ms P complains Blue Motor Finance Ltd (BMF) supplied her with a car that she believes wasn't of satisfactory quality. She also complains the car was mis-represented to her.

What happened

In February 2023, Ms P entered into a 55 month agreement for a used car. The car's cash price was around £10,500 and it had travelled in excess of 67,000 miles. Ms P paid a cash deposit and carried out a part exchange, the outstanding balance was financed by a loan. The monthly payments were around £170.

Shortly after entering into the agreement, Ms P discovered the car had previously been at a salvage yard. It was said it had suffered some damage and it was likely involved in an accident but it hadn't been subject to an insurance claim. She was told by a third party the car had been classified as an insurance write off. She said this would've impacted its value and ability to re-sell it. Ms P complained the car was misrepresented to her because she wasn't made aware of the same before she entered into the agreement and had she been, she wouldn't have purchased it.

While the complaint was at our service, the car suffered a fault with the turbo meaning it wasn't safe to drive. Having considered both complaint points, BMF decided not to uphold the complaint.

After some back and forth and a further independent inspection report as requested by our investigator, he recommended the complaint was upheld. He said he couldn't look into the misrepresentation element given the nature of the parties involved and the relevant law. However he said it wasn't necessary to do so as he believed the fault with the turbo meant the car wasn't of satisfactory quality. He said the dealership had the opportunity to repair but didn't do so therefore Ms P should be allowed to reject the car. He recommended a number of things BMF needed to do to put things right. This included:

- End the agreement with nothing further to pay;
- Collect the car at no cost to Ms P;
- Refund the cash deposit and part exchange amount (around £4,000);
- Refund the monthly instalments paid from May 2023 onwards (when Ms P stopped using the car);
- Pay 8% simple yearly interest on all above refunded amounts from the date of payment until the date of settlement;
- Pay £200 for the trouble and upset caused;
- Remove any adverse information from the credit file in relation to the agreement.

BMF accepted the outcome. Broadly speaking Ms P accepted the same but she said she wanted to be compensated for other costs she incurred as a result of the faulty car. She provided evidence of the same. However in light of the above mentioned refunds, our investigator decided BMF didn't need to make an additional award of compensation. Ms P disagreed.

My provisional findings

In January 2024, I let Ms P and BMF know my provisional thoughts. In summary I said I agreed the car wasn't of satisfactory quality. I also considered the resolution proposed by the investigator to be fair and I recognised that this was broadly accepted by both parties.

However I considered the only outstanding matter to be resolved was the financial losses Ms P said she incurred as a result of the faulty car. I said as BMF would be refunding the monthly instalments from May 2023 onwards, I didn't intend to make an additional award. However having thought about the overall trouble and upset caused by this situation, I intended to increase the compensation to £400.

BMP accepted the same. Ms P disagreed and maintained her position that she should be compensated for all her financial losses.

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 wish to reassure both parties that as the ombudsman, I've carefully considered all the submissions from the outset and conducted my own independent investigation. Having done so, I've reached an outcome which I consider to be fair and that outcome is similar to the one reached by the investigator.

I've read Ms P's response to my provisional findings.

I understand the costs she wants to be compensated for include insurance, breakdown policy, costs for public transport (buses and trains), having to pay petrol for friends and family to drive her to places, etc. She has provided bank statements and receipts which I've reviewed.

However I also need to take into account BMF will be refunding all the monthly payments from May 2023 plus pay associated interest which I consider to be a significant amount. For costs such as the insurance and the breakdown policy, I find Ms P had the benefit and protection of the same as these are policies that provide assistance in the event of a breakdown, stolen car, damage, etc. This is irrespective of whether she claimed on the policies or not. Therefore I don't find these were costs incurred as a result of the faulty car. In terms of the other costs such as public transport, petrol for others, etc, I'm satisfied the refund of the monthly payments sufficiently covers that so I won't be making an additional award.

I acknowledge the impact this situation has had on Ms P and her wish for it to be resolved. I'm sorry the car didn't perform as expected. She has detailed the impact the situation has had on her including her mental health. She's explained she's had to rely on friends and family to take her places she needed to go and pay them petrol, the use of public transport and the difficulties that posed when living in a somewhat rural area. Also her son was involved in a serious accident and she was unable to get to him as quickly as she wanted and having to arrange alternative transport to go to his medical appointments as she was without a working car. I appreciate this would've been a difficult time for her. Given the circumstances, I remain of the opinion increasing the compensation amount from £200 to £400 is fair.

On the basis I haven't been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances. Therefore, my final decision is the same for the reasons as set out in my provisional decision.

In the event Ms P accepts this decision and the agreement is ended as outlined above, she has asked that BMF send her written confirmation for her records. I find this is a fair request and I kindly ask BMF to do the same.

My final decision

For the reasons set out above, I've decided to uphold Ms P's complaint.

To put things right, Blue Motor Finance Ltd must:

- End the agreement with nothing further for Ms P to pay;
- Collect the car at no cost to Ms P;
- Refund the cash deposit and part exchange amount*;
- Refund the monthly instalments paid from May 2023 onwards*;
- Pay £400 to Ms P for any trouble and upset caused;
- Remove any adverse information about this agreement from Ms P's credit file.

* Blue Motor Finance Ltd must should pay 8% simple interest per year on all the above refunds calculated from the date of payment up to the date of settlement.

**If Blue Motor Finance Ltd must considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Ms P how much it's taken off. It should also give Ms P a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 26 February 2024.

Simona Reese
Ombudsman