

The complaint

Miss C complains that the car she acquired through a hire purchase agreement with Startline Motor Finance Limited wasn't of satisfactory quality. She wants the costs of repairs to be paid for.

What happened

Miss C entered into a hire purchase agreement with Startline in July 2022 to acquire a used car. She paid a deposit of £5,000 and was required to make 59 monthly repayments of around £326 followed by a final monthly payment of around £336.

On 11 November 2022, Miss C took the car to a garage and an oil leak was reported along with evidence of a balance shaft /crank having been changed incorrectly and a piston cooling fault. Miss C was told this was from a previous repair and she noted on the service record that in June 2022 there was a major oil leak noted that had been rectified. Miss C says she wasn't told about this when she acquired the car.

Miss C contacted the garage she acquired the car from and was told to get the car fixed under warranty. She booked the car in for repairs on 20 December 2022, but it broke down on 19 December. The engine had seized even though she says she topped the oil up that day. Miss C contacted Startline about the issues and says she had to chase for updates.

Startline issued a final response letter in February 2023. It said it had an independent inspection carried out and based on the outcome of this it wasn't upholding Miss C's complaint. It said that there wasn't evidence to show that the issues with the car were present from the point of supply.

Miss C wasn't satisfied with Startline's response. She referred her complaint to this service. She said the independent inspection report was ambiguous and she had evidence of the issues from June and November 2022 and the repair quotes from the garage.

Our investigator upheld this complaint. She said the evidence supported there being something wrong with the car. She noted that Miss C had been able to drive the car around 8,570 miles before the engine seized but given the diagnostic report dated 11 November showed a fault and this was within the first six months of Miss C having the car, she thought Startline was liable for diagnosing the issue and covering the cost of repair. She said that as Miss C hadn't had use of the car since 19 December 2022 and hadn't been kept mobile by Startline, Startline should refund her payments made from that date as well as pay her £200 for the inconvenience she had been caused.

Startline didn't agree with our investigator's view. It didn't accept that the issue with the car was present at the point of supply noting that Miss C had driven the car over 8,000 miles. It said there was no evidence that the engine seizure was the result of any previous repair or that a major oil leak caused the engine seizure.

Since the view was issued Miss C said she had paid for the engine to be repaired.

My provisional conclusions

I issued a provisional decision on this complaint dated 4 October 2023 and I have set out the conclusions from that decision below.

Miss C acquired a car through a hire purchase agreement in July 2022. Under the regulations, specifically the Consumer Rights Act 2015, Startline can be held liable if the car provided wasn't of satisfactory quality. Satisfactory quality takes into account factors such as the car's age and mileage and the price paid. At the time of acquisition, the car was around five years old and had been driven 61,761 miles. The cost of the car was £17,790.

Miss C took the car to a garage in November 2022 for a service and MOT. The mileage at this time was 68,992, so Miss C had been able to drive the car around 7,000 miles by this point. Brake discs and pads were replaced, and a brake fluid change took place (the oil and oil filter were also included in the invoice). Given the age and mileage of the car I find it reasonable that these repairs were needed due to wear and tear. The car passed the MOT suggesting it was fit for purpose at that time. That said, the garage invoice notes that there is an oil leak that needs investigating and a piston cooling fault present that needs further diagnostics.

Miss C contacted the garage she acquired the car from noting that there was an oil leak shown on the service carried out before she was provided with the car. The garage said an oil leak was corrected pre-sale and that the issue Miss C had noted was different. It said that if it was the same issue, it would have been apparent sooner. Miss C booked the car in for repair on 20 December 2022. On 19 December the car's engine seized.

It is clear from the reports provided that there was a fault with the car as the engine seized in December 2022 and the car was no longer driveable. For me to uphold this complaint I would need to be satisfied that the issues present with the car were due to faults that were present or developing at the point of supply or that the car wasn't of satisfactory quality.

The Consumer Rights Act sets out that the quality of goods includes them being sufficiently durable. Miss C had driven around 8,600 miles in the car before it broke down and at that point the car had been driven over 70,300 miles. While wear and tear would be expected on a car with this mileage and certain parts might need replacing the issue in this case was an engine failure. Noting the age and mileage of the car, the price Miss C paid and how long she had use of the car, I think this suggests the car wasn't sufficiently durable.

Miss C's car broke down within six months of her acquiring it, so the onus was on Startline to show that the issues identified weren't present at the point of supply. An independent inspection was carried out on 11 February 2023, and this found that the engine coolant and oil levels were correct and there were no visible signs of oil or coolant leaks although it noted the undertray was in place restricting the view of the underside of the engine. It said the engine had seized but it would require dismantling for a full assessment to happen to establish the cause of the seizure. It noted the mileage covered since the point of supply and said there was no plausible evidence to suggest the current issues were present at the point of supply without the engine being stripped. It said there was no evidence at the time of inspection that the engine seizure was associated with previous repairs. And no evidence of a major oil leak resulting in the depletion of the oil level inducing the engine seizure.

The inspection report said the engine would need to be stripped to identify the cause of the failure. Miss C initially said that she would be having a further independent inspection as the engine had been removed but then confirmed this hadn't happened. She went ahead with repairs and said that the garage doing the repair found faults whilst taking the engine out that it said had been present for more than six months.

I have looked at the evidence provided by the repairing garage, and this said that 'the engine failed due to excessive oil consumption. It is hard to prove what failed first, the turbo or the engine. The oil consumption was too much for the age and mileage of this vehicle in our opinion and was highlighted as a problem when we first saw the vehicle [in November 2022]. We highlighted a piston cooling fault and external oil leaks on the engine that needed further investigation.'

The garage said it believed the fault could have been present for some time.

So, while I note the independent inspection didn't find that there were faults present from supply, it did note that the engine would need to be stripped to fully assess why the engine seized. As further evidence has been provided to show that when the engine was removed it was found there were issues with the turbo failing as well as the engine and that was due to an issue (excessive oil consumption) that the garage didn't consider reasonable for a car of Miss C's age and mileage, I find this supports my concerns that the car wasn't sufficiently durable. The garage linked the issues that caused the engine failure to the faults identified in November 2022 - around four months after Miss C acquired the car.

Based on the above, I find, on balance, that the car wasn't sufficiently durable. Because of this I find that the car wasn't of satisfactory quality at supply and therefore I am upholding this complaint.

In response to my provisional decision, Miss C provided a copy of the invoice for repairs. This totalled £17,104.95. The invoice was addressed to a family member, but Miss C confirmed that she is responsible for paying the amount due (in due course). This invoice was sent to Startline and it commented about the cost of the repairs being uneconomical. Given this I issued a second provisional decision dated 11 December 2023. In this second provisional decision I set out the following:

Following my provisional decision, Miss C provided a copy of the invoice for the repairs that have been undertaken on her car. These total £17,104.95. I note the point Startline has made about the cost of the repairs being uneconomical, but Miss C was left with an undriveable car. This issue Miss C experienced (and the costs then involved) arise from a breach of contract by Startline as Miss C was provided with a car that wasn't of satisfactory quality. With this in mind, I find it fair that Miss C isn't out of pocket due to the issues that have arisen. She was left with an undriveable car which meant she lost out on work. She has said the relationship with Startline broke down and it was unresponsive to her attempts to negotiate. After contacting garages about repairs she initially thought this wouldn't be an option but when the repairing garage found a reconditioned engine and repairs became possible, I can understand why Miss C felt this her only option in order to get back to work and move forward, even though these repairs risked her getting into debt with family and the repairing garage. Because of this I find it reasonable that Startline is responsible for the cost of repairs.

Part of the invoice relates to storage costs. I have considered whether Miss C did enough to try to mitigate these. In this case I find it reasonable to accept that these weren't avoidable noting the location of where the car broke down. And as I find that the storage was needed as a result of the car not being of satisfactory quality, I find it reasonable that Startline is responsible for these costs.

A copy of the invoice was provided to Startline which asked for further evidence of Miss C making the payment. Miss C provided a credit card receipt for £6,000. She has explained that a family member paid the £6,000 and that she is now responsible for repaying the family member back. Therefore, I accept while she didn't incur the costs at the time, she is bearing

the financial burden of this. As Miss C wasn't able to pay for the full cost of the repairs when they were carried out, she has said the repairing garage said a payment plan could be set up and it was discussed that Miss C could pay the outstanding balance over 36 months.

As I find it fair that Miss C isn't required to cover the cost of repairs, Startline should refund her the £6,000 that has been paid by the family member and Miss C now needs to repay and pay the outstanding balance (as per the invoice) to the repairing garage. As Miss C didn't make the £6,000 payment, I do not find I can say interest should be added to this amount. Miss C has explained that the cost of diagnostics carried out in December 2022 was waived by the repairing garage and so she hasn't had to pay for this and therefore reference to this has been removed from the redress.

Following my second provisional decision, Miss C provided evidence of a further payment of £6,000 she had made to the garage.

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.

In my initial provisional decision, I set out my reasons why I didn't think the car supplied to Miss C was of satisfactory quality. As no new evidence has been provided regarding the quality of the car my conclusions haven't changed.

In my second provisional decision I considered further the costs involved and the actions Miss C has taken. As I set out, while I note Startline's comment about the cost of the repairs being uneconomical, Miss C was left with an undriveable car. This issue arose from a breach of contract by Startline as Miss C was provided with a car that wasn't of satisfactory quality. No new evidence regarding this issue was provided in response to my second provisional decision and so my conclusions haven't changed, and I find it fair that Miss C isn't out of pocket due to the issues that have arisen.

Therefore, as I have previously set out (and provided my reasoning for) I am upholding this complaint and I find it reasonable that Startline is responsible for the cost of repairs to Miss C's car (including the storage costs). As Miss C was without use of the car from 19 December 2022 until the repair took place, Startline should refund her payments for that period as well as pay her £200 for the inconvenience she has been caused.

Putting things right

Startline Motor Finance Limited should:

- Refund Miss C the cost of the engine repair that has been paid for (receipts for £6,000 dated 21 September 2023 and a further £6,000 dated 19 December 2023 have been provided)
- Pay the remaining balance due for the repairs to the repairing garage.
- Refund any payments made by Miss C from 19 December 2022 to the date the car was repaired.
- Pay Miss C £200 to acknowledge the distress and inconvenience caused by the car being of unsatisfactory quality.
- Remove any adverse information that may have been applied to Miss C's credit file in

relation to this agreement.

Item 3 is subject to 8% simple interest applied yearly from the date Miss C made the payments to the date of settlement.

My final decision

My final decision is that I uphold this complaint. Startline Motor Finance Limited should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 7 February 2024.

Jane Archer
Ombudsman