

The complaint

Mr G complains about the quality of a car supplied to him on hire purchase by Zopa Bank Limited trading as Zopa.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Mr G says that several things went wrong with the car since he took delivery of it and now the head gasket has blown. He says the damage means that he needs a new engine at significant expense.

Mr G complained to Zopa but it did not agree to pay for repairs or take the car back. It referred to an independent inspection which concluded that the issue was not inherent at the point of sale.

Mr G escalated this matter to our service but the investigator did not uphold the complaint.

Mr G has asked for an ombudsman to make a final 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Zopa is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 is of particular relevance 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".

The Consumer Rights Act 2015 says the quality of goods are satisfactory if they 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. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The Consumer Rights Act 2015 ('CRA from now on') says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

In October 2022 Zopa supplied Mr G with a second-hand car that was around 7 years old and had done around 104,000 miles at the point of supply. The dealer priced it at £9,000 which is notably less than what a new or newer model with less mileage would cost. It is fair to say that in these circumstances (particularly noting the mileage) a reasonable person would consider that the car had already suffered significant wear and tear – and was likely to require more maintenance and potentially costly repairs much sooner than you might see on a newer, less road worn model. And I can't see evidence that the dealer described the car in such a way that would alter those expectations.

I am very sorry to hear that Mr G has had a serious issue with the engine on the car which was identified around March 2023. The independent inspection concludes that it was not likely present at the point of sale – which seems credible as Mr G had been able to travel in the car around 6,000 miles before the independent inspection was carried out. Furthermore, although he had some issues with the camshaft in December 2022, the expert report says this isn't connected to the current issue with the engine. Nor does it conclude that these early issues are inherent at the point of sale or unexpected in a car of this age and mileage in any event. I note that at this stage Mr G says the car had travelled 108,000 miles which is significant mileage and around 4,000 more miles than when the car was supplied.

Although the evidence points to the current engine issue not being present at the point of sale I have also thought about durability – which is a factor when considering satisfactory quality under the CRA. However, here I note that when the head gasket failed the car had travelled around 110,000 miles, which is significant mileage – and where it would reasonably be expected that there is a risk of more significant component failure. I know Mr G has made the point that if a head gasket has reached its shelf life the car should not have been sold without a replacement being fitted. But I think when buying a second-hand car with significant mileage it is reasonably expected that there is a risk some components might need replacing sooner than on a newer less road worn car. And unless the dealer specifically sold the car as having certain components replaced for new ones I don't think there is a breach of contract in this regard.

So although I am sorry that Mr G has had this occur – I don't think this is a breach of contract which Zopa is liable for.

I also note that Mr G has referred to what he says were promises from the dealer to reimburse him for certain things. However, my decision is in respect of Zopa – which is the supplier of the goods under the finance agreement. And as I have decided (for the reasons given above) that it is not liable for what has gone wrong with the car, I cannot fairly say it should reimburse Mr G for repairs.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 November 2024.

Mark Lancod
Ombudsman