

Complaint

Miss P has complained about the quality of a car that Honda Finance Europe Plc (“Honda Finance”) supplied to her through a hire-purchase agreement.

Background

In October 2022, Honda Finance provided Miss P with finance for a used car. The car was just over three years old and had completed around 33,500 miles at the time of supply. The cash price of the vehicle was £14,200.00. Miss P paid a cash deposit of £1,500.00, received a credit of £550 as a result of part exchanging her existing car and applied for finance to cover the remaining amount she needed for the purchase. Honda Finance accepted Miss P’s application and entered into a 60-month hire-purchase agreement with her.

The amount borrowed was £12,150.00 and the loan had an APR of 8.9%, as well as interest, fees and total charges of £2,828.20 (made up of interest of £2,818.20 and an option to purchase fee of £10). So the total amount to be repaid of £14,978.20 (not including Miss P’s deposit and part exchange) was due to be repaid in 59 monthly instalments of £249.47 plus a final instalment of £259.47.

While the agreement was signed on 31 October 2022, the car wasn’t delivered to Miss P until a few days later in November 2022.

I understand that there were issues relating to a couple of letters that Miss P received about recalls on the vehicle. The first of the letters was sent to her in error but the second of the letters did relate to her vehicle and the repair has been carried out to at no cost and to Miss P’s satisfaction. So Miss P no longer has any concerns with regards to the recall notifications she received.

However, what Miss P is unhappy about is that, at the time of the car’s first service, she was told that the wet belt needed to be replaced every five years, or if sooner, when it had completed 90,000 miles. Miss P says she was told that when it was due this work would cost her around £1,500.00. Miss P is unhappy because she says she wasn’t told about this either during the negotiations for the car, or when it was supplied to her.

As a result, Miss P complained to Honda Finance. Honda Finance reviewed Miss P’s complaint. It said that Miss P was complaining about the replacement of a serviceable item rather than a matter that meant the car wasn’t of satisfactory quality when it was supplied to her. So it didn’t uphold Miss P’s complaint. Miss P remained dissatisfied at Honda Finance’s response and referred her complaint to our service.

Miss P’s complaint was subsequently reviewed by one of our investigators. She thought that the vehicle Honda Finance had supplied Miss P with was of satisfactory quality and she didn’t recommend that Miss P’s complaint be upheld.

Miss P disagreed with our investigator’s view and asked for her complaint to be passed to an ombudsman for a final decision. So the complaint has been passed to me to decide.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm satisfied that what I need to decide in this case is whether the car supplied to Miss P was of satisfactory quality. Should it be the case that I don't think it was, I'll then need to decide what's fair, if anything, for Honda Finance to do to put things right.

Having carefully considered matters, I'm satisfied that the vehicle Honda Finance supplied to Miss P was of satisfactory quality and I'm therefore not upholding Miss P's complaint. I'll explain why in a little more detail.

The finance agreement in this case is a regulated hire-purchase agreement, which we are able to consider complaints about. Under the hire-purchase agreement, Honda Finance purchased the vehicle from the dealership Miss P visited.

Miss P then hired the vehicle from Honda Finance and paid a monthly amount to it in return. Honda Finance remained the legal owner of the vehicle under the agreement until Miss P's loan was repaid.

This arrangement resulted in Honda Finance being the supplier of Miss P's vehicle and so it is also responsible for answering a complaint about its quality.

The Consumer Rights Act 2015 ("CRA")

The CRA covers hire-purchase agreements – such as Miss P's agreement with Honda Finance. Under a hire-purchase agreement, there are implied conditions that the goods supplied will be of satisfactory quality.

The CRA says the aspects of the quality of the goods and whether they are satisfactory includes their general state and condition alongside other things such as their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

Is there a fault with the vehicle?

Miss P, in effect, argues that there is a fault with the car as the wet belt will need to be replaced sooner than she anticipated. Miss P has said that when she first had the car serviced she was told to get rid of it as there was a known fault with it, due to the wet belt needing to be replaced at a cost of £1,500.00. I understand that during the course of her complaint, Miss P has been told the wet belt will need to be replaced at the time of her next service.

I've carefully considered everything that Miss P has said.

At this point, I think that it would help for me to explain that a wet belt is a form of cambelt that is used on some modern car engines. The reason why a cambelt of this type is called a wet belt is because it operates within the engine oil and therefore gets wet in a way that a standard cambelt does not. And this exposure to the engine's oil results in a wet belt degrading more quickly than a standard cambelt.

Therefore, a wet belt will have a shorter lifespan than a standard cambelt and a car having such a cambelt will mean it will have a maintenance schedule which includes the wet belt being replaced more frequently, in order to prevent a sudden failure or other more extensive

engine damage. It's also fair to say that a wet belt operating within the engine's oil not only makes replacing one more time consuming, but also more costly.

The manufacturer of the vehicle Miss P was supplied recommends replacing the wet belt every five years, or if sooner, if the car completes 90,000 miles. Furthermore, while Miss P says that she has recently been told that the wet belt needs replacing at the time of the next service. It's my understanding that this is because the car is now five years old and is therefore at a point where the wet belt is due to be replaced, rather than because it has failed prematurely or because the car is having any other issues.

I accept that Miss P may not have expected to have to incur the costs of replacing the wet belt just over two years after taking possession of the car. However, I think a reasonable person would consider that a car will suffer some wear and tear whilst it is with them and that parts are likely to need replacing in this time (albeit, in this case, it is unfortunate that the scheduled interval is sooner than Miss P anticipated) in line with the manufacturer's stated intervals.

I appreciate that Miss P says that she had extensive discussions with the supplying dealer over needing a durable, reliable car, so the fact that car had a wet belt, which required replacing sooner, should have been brought to her attention. However, as the investigator has explained, I wouldn't expect a car dealer to go through when the manufacturer recommended each individual part should be replaced.

Of course, if Miss P had specifically asked about the replacement schedule for the wet belt (or any other component) I would have expected the supplying dealer to have either explained this, find out this information if it didn't know it, or indeed refer Miss P to the car's manual for this information. But I've not seen anything to indicate that Miss P asked about the wet belt, or even what type of cambelt the car had, at the time.

I also think the fact that the fact that some other cars may have different types of cambelts and therefore alternative maintenance schedules doesn't mean that the wet belt on this car wasn't durable. The parts and components on some cars might last longer than others. But it doesn't necessarily follow that because the parts on one car did not last as long as those on another, those parts were not durable, or fit for purpose.

So even though the car Miss P was supplied with will shortly incur some maintenance costs, I'm not persuaded that this means that the vehicle is faulty or that this means that it wasn't durable at the time it was supplied to her.

In my view, replacing the wet belt is part of the general maintenance a reasonable person will expect to undertake over the period that they have possession of a car. While Miss P has referred to the fairness of her having to pay such costs when she already has a service plan, it's my understanding that Miss P's service plan will still cover the other more standard costs of the service – such as replacing the engine oil and filters.

Equally, it's only fair and reasonable for me to uphold a complaint where a respondent firm is responsible for something having gone wrong, but I don't think that something has gone wrong in this instance.

As this is the case, I'm not upholding Miss P's complaint. I appreciate that this is likely to be very disappointing for Miss P – particularly as she has said that this will impact her finances and plans going forward. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 12 December 2024.

Jeshen Narayanan
Ombudsman