

## **The complaint**

Mr M complains about a car he acquired with credit provided by Blue Motor Finance Ltd.

## **What happened**

In July 2022 Mr M entered into a regulated hire purchase agreement with Blue Motor Finance in relation to a used car. The car was four and a half years old, its mileage was 59,553 miles, and its cash price was £12,995. It had passed its MOT test in February 2022.

In August 2023 Mr M complained to Blue Motor Finance that the car had several faults. Blue Motor Finance told him that the issues he had raised were the result of fair wear and tear, and that the car had been of satisfactory condition (considering its age and mileage) at the point of sale. Being dissatisfied with that outcome, Mr M brought this complaint to our service. Shortly afterwards, he paid £2,623:77 to voluntarily terminate the agreement.

Our investigator upheld this complaint. Based on the invoices provided by different mechanics, she thought that the car had not been of satisfactory quality at the point of sale, and the dealership had had ample opportunity to repair it. She recommended that Blue Motor Finance refund Mr M's payment of £2,623:77 (because if he hadn't already terminated the agreement, she would have asked Blue Motor Finance to end the agreement with nothing further to pay), refund his deposit, refund £177:40 of repair costs (but not some other repair costs which she thought only related to wear and tear), and remove the agreement from his credit file.

Blue Motor Finance did not accept that opinion. It argued that because the car had been repaired without giving Blue Motor Finance an opportunity to inspect it and to determine its liability, there was not enough evidence to show that the problems had been present at the point of sale. It asked for an ombudsman's 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.

Under the Consumer Rights Act 2015, it was an implied term of the agreement that the car would be of satisfactory quality. What is satisfactory quality will depend on the age and mileage of the car, in that a used car would not be expected to be in the same condition as a brand new one. Blue Motor Finance is only liable if the car was not of satisfactory condition at the point of sale; it is not responsible for any defects which only appear later on.

I've seen a number of invoices which briefly set out the work or inspections that were carried out on the car. They give dates but not mileages. Most are from the dealership (which did not charge Mr M), but three are from independent garages (which did). The relevant ones mention the following issues:

- 19 July 2022 = Sensors replaced. (Mr M says he took the car to the dealership because the engine management light (EML) had come on.)

- 17 August 2022 = Oxygen sensor replaced.
- 30 August 2022 = Diagnostic scan test. "Implausible signal from ABS ECU". (Mr M paid £47:40 for this.)
- 2 September 2022 = EVAC valve fitted.
- 25 Jan 2023 = thermostat and expansion bottle replaced.
- 8 August 2023 = wheel bearing replaced at Mr C's cost. (This issue had been causing a noise since June 2023.)
- 18 November 2023 = faulty ignition coil and spark plug (diagnosed but not rectified). (Mr M paid £130 for that diagnosis.)

Four days after the least of these, 22 November, there was an MOT test, at which the mileage was 68,317 miles. An ignition coil should normally last 80,000 to 100,000 miles, so it was probably not durable.

The wheel bearing did not present an issue until nearly a year after Mr M acquired the car, and it is clearly a wear and tear item, so I don't think that was a fault that was present at the point of sale.

The first three issues on the above list are electrical problems. As well as those, Mr M also reported that the electronic stability control (ESC) light kept coming on. He took photos of the dashboard with that light on, showing the mileage in each case. There are five of these pictures. So I'm satisfied that this was a recurring problem.

The invoice dated 18 November 2023 was from an independent garage. As well as the ignition coil and sparkplug, it mentioned the following:

"The vehicle electrical system is in a terrible state with serious issues in all the major modules inc engine ECU the vehicle body control module as well as ABS and airbag systems. There is signs of water ingress into the wiring loom that has been present for some time."

This does not elaborate further on how long "for some time" means, and it probably wouldn't have been possible to determine that with any precision. But given that the car had three different faults that were electrical in nature in July and August 2022 – within two months of Mr M getting the car – I think that it is more likely than not that the water ingress was present at the point of sale.

Since the dealership failed to identify this problem and remedy it in July and August 2022, I think that Mr M was entitled to reject the car. Since he no longer has the car, having terminate the agreement in November 2023, I agree with the investigator's recommended redress.

### **My final decision**

So my decision is that I uphold this complaint. I order Blue Motor Finance Ltd to:

- Refund Mr M's deposit of £3,000, together with simple interest on that amount at the rate of 8% a year from 12 July 2022 to the date of settlement;
- Pay Mr M £47:40, together with simple interest on that amount at the rate of 8% a year from 30 August 2022 to the date of settlement;
- Pay Mr M £130, together with simple interest on that amount at the rate of 8% a year from 18 November 2023 to the date of settlement;
- Refund Mr M's payment of £2,623:77, together with simple interest on that amount at the rate of 8% a year from 21 November 2023 to the date of settlement; and
- Remove the agreement from Mr M's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 November 2024.

Richard Wood  
**Ombudsman**